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NEWS SUMMARY

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...wegians died at the ...n an oilrig fire in the ...wegian Statfjord field. ... so far discovered in ...Sea. The men, working ... the support pillars, ...phyxiated by smoke ...y could escape. The Statfjord A. has yet to ...ream because of delays ...ver-runs. Page 2

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...support system keeping ...Newman, aged 17, alive ...hed off by doctors at a ...hospital after tests had ...he boy was clinically ...Graham suffered irre-...rain damage in a street ...n Friday night. Six ... are helping police

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BUSINESS

Healey to hear Budget views

● SIZE of the economic stimulus to be given in the Budget on April 11 will be discussed by the Chancellor of the Exchequer and both sides of industry at a meeting of the National Economic Development Council on Wednesday.

The trade unions are pressing for measures which would mean a £3.8bn. reflation in the coming financial year. The CBI is thought to be seeking reflation of £2.5bn. in the coming year. Back Page. TUC proposals, Page 5

Government's strategy of limited reflation has been strongly challenged by leading economists. They call for an expansionary policy even if this means that from next year onwards there is little or no surplus on the external current account.

But a cautious fiscal policy over the next few years is urged by the London Business School's Centre for Economic Forecasting. It says that after a net stimulus of £1.5bn. in the Budget there will be no further room for tax cuts next year, if control is to be kept over the money supply and inflation. Back and Page 28

U.K. may put quotas on car imports

● JAPANESE CAR makers' success in the U.K. market may prompt the Government to bring in some form of import quotas soon. But the EEC Commission may view such a move with concern, preferring joint action by all EEC countries, possibly through tariff measures. Page 4

LEYLAND shop stewards vote today on whether to give ... run to a new incentive scheme which could give manual workers up to £8 a week. Page 5

● NEW ATTACK on the Government's handling of British Steel's cash problems will be made in the Commons to-day by members of the Select Committee on nationalised industries. The Corporation's losses are now approaching £2m. a day. Back Page; Editorial comment, Page 12

● METAL BOX will spend £27m. on a new can-making plant at Braunstone, Leicester, providing jobs for 350 workers initially. Page 4

● PRODUCTIVITY in private contracting companies is as much as 54 per cent. higher than among local authority direct labour building departments, according to a university lecturer. Page 4

Stock Exchange rejects plan to relax rules

● STOCK EXCHANGE has rejected the idea of a "two-tiered market" or relaxation of listing requirements as a means of encouraging the trading of securities issued by small companies. Back and Page 28. Management Page, Page 9

● STRICT demarcation line between stock brokers and jobbers should be removed, according to brokers Vickers da Costa. Page 4

● RETAILERS would no longer be able to compare their prices with manufacturers' recommended prices under proposals being drawn up by the Office of Fair Trading. The Office believes such comparisons could mislead consumers. Page 4

● GROCERY BILLS have fallen this month, apparently reflecting the growing intensity of the price war between supermarkets. The Financial Times Grocery Prices Index fell 1.69 to 266.64, a drop of 0.6 per cent. and the index now is back to the level of last June. The meat bill is down this month, but frozen food prices are up. Page 26

Paris talks to-day on moves to boost world economy

BY PETER RIDDELL, Economics Correspondent

Proposals for a co-ordinated moderate expansion of demand in the six leading industrialised economies will be discussed at a meeting of senior officials in Paris to-day, in a fresh attempt to break the deadlock over measures to boost the world recovery.

This marks a further significant move away from the locomotive theory of recovery under which West Germany and Japan were supposed to generate a wider upturn by boosting domestic demand and imports.

This policy has not worked and instead, the hope is that joint expansionary action by a larger number of countries will provide the required stimulus and overcome the reluctance of individual Governments to act on their own.

This is intended to lessen fears about external constraints, exchange rate instability and higher inflation which might result from isolated action to boost demand.

The co-ordinated approach is favoured by the Secretariat of the Organisation for Economic Co-operation and Development and will be discussed by its Economic Policy Committee to-day.

The U.K. will be represented by Sir Douglas Wass, Permanent Secretary of the Treasury.

The latest moves are seen as a way of removing the blockage to progress created at recent meetings—notably at Versailles a fortnight ago—by the confrontation between the U.S. and West Germany.

Arguments for spreading the burden of action were generally supported by EEC Finance Ministers a week ago notably by Mr. Denis Healey, the Chancellor.

The meeting to-day at the level of senior officials could go some way towards establishing common ground for the summit of EEC heads of government in early April and the meeting of the interim committee of the International Monetary Fund on April 27-28 under the chairmanship of Mr. Healey.

No progress

An analysis of economic prospects has been prepared by OECD officials for to-day's meeting, showing that almost no progress has been made in the last four months.

While the inflation outlook is slightly better, payments imbalances have been exacerbated with strong pressures for protectionism.

Total growth looks like being no more than 4 per cent. in real terms this year on present trends in spite of U.S. and Japanese measures, compared with the 4½ per cent. rate regarded as feasible by OECD.

Much of the discussion to-day is expected to concern possible constraints on growth and how far they can be mitigated by action taken at the same time and the same rate.

Collective action of this kind is also seen as a way of avoiding disorganised foreign exchange market conditions.

In order to gain support from the Germans and Japanese, any new approach cannot involve major exchange rate adjustments.

There is also a hope, held, for example, by Mr. Healey, that if exchange markets can be made more stable, then the possibility will be opened of dealing on a more co-ordinated basis with the large footloose funds, notably of the oil-producers.

The broad aim of the co-ordinated approach is to reduce the disparities in growth rates and balance of payments between the U.S. and the rest of the world by levelling-up, and by ensuring that the U.S. is not forced into defensive action.

By spreading the load, the hope is that Germany and Japan will be reassured about their fears of increasing inflation and public sector deficits, while the U.S. may feel that intervention to support the dollar is not a waste of money in view of action elsewhere.

Meetings this week on nuclear industry shake-up

BY DAVID FISHLOCK, SCIENCE EDITOR

THE FAILURE of the Government's three-year experiment with a new structure for the U.K. nuclear reactor industry will be the subject of crucial Board meetings this week.

A major reorganisation, in which several more companies—including Rolls-Royce, Vickers, and the State-owned British Nuclear Fuels—may be brought in, is likely within the next few weeks.

The need for a new structure has been made urgent by the electricity supply industry's decision to draft its design-phase contract for two new nuclear stations in a way that almost necessitates reorganisation.

The Central Electricity Generating Board and the South of Scotland Electricity Board have agreed to issue jointly a design-phase contract for a modified advanced gas-cooled reactor before the end of April.

It will be followed by a similar joint contract for Britain's first commercial pressurised water reactor.

But, the two electricity boards are dissatisfied with the present three-tier management structure of their main nuclear contractor, and more specifically with GEC's supervisory role.

The present structure consists of the National Nuclear Corporation, with its executive arm, the Nuclear Power Company, and a supervisory management role exercise by GEC, a 30 per cent. shareholder in the corporation.

The balance of the shareholdings in the National Nuclear Corporation is held by the Government—35 per cent.—and British Nuclear Associates, representing seven other companies—35 per cent.

The main complaint of the electricity boards is that the three-tier structure prevents them from dealing directly with their contractor, the Nuclear Power Company, which has to refer every significant decision to its parent board and to GEC.

Talks on paper

GEC's supervisory contract, which ran out at the end of last year, is being sustained on a month-by-month basis pending a reorganisation. Lord Aldington, NNC chairman and deputy chairman of GEC, is expected to report to the NNC Board to-day on meetings he has held in recent weeks with many industry leaders, canvassing their views on a reorganisation.

He is believed to have found little support for any idea of continuing with the present structure, with its essential concomitant of a supervisory management role.

Neither, however, is there any perceptible enthusiasm for a return to the consortium system which preceded the present experiment.

On Wednesday, the Board of British Nuclear Associates will discuss a paper from Babcock and Wilcox—third largest shareholder in the corporation with 12.5 per cent.—proposing a reorganisation into a conventional company. The Board of this company would be picked on ability and not simply as representing a shareholding interest, as was the case with the nuclear consortia.

The number of executive directors would therefore probably be small, though there would be several non-executive directors representing the other shareholders.

In all, as many as a dozen organisations might be involved, compared with the eight organisations with shareholdings at present in the corporation.

There is wide agreement that no single company or State-owned organisation should have a majority shareholding in the new company. For this reason, any shareholding by British Nuclear Fuels may well be at the expense of some of the 30 per cent. Government holding, held by the U.K. Atomic Energy Authority.

A vital factor in the success of such a company would be the choice of chief executive. It is thought unlikely that Dr. Ned Franklin, the nuclear physicist recruited from British Nuclear Fuels by the Energy Secretary in 1975—as chief executive of the Nuclear Power Company, would fulfil this role in the new company.

One possibility canvassed is that Dr. Franklin would become chairman of the board with an experienced project director brought in as chief executive of the company.

Callaghan seeks Whitehall cuts

BY DAVID CHURCHILL

CUTS OF up to £80m. over the next two years in the cost of running the Civil Service have been called for by the Prime Minister in a confidential memorandum to Whitehall departments.

The memorandum asks the Secretaries of State for each department to find cuts of 1 per cent. in 1978-79 and 1979-80 in spending on staff and administrative costs.

As about £4bn. a year for the next two years is expected to be spent in this area, the proposed 1 per cent. reduction would amount to some £40m. each year.

The new cut is in addition to the £120m. savings in Civil Service manpower costs announced by the Prime Minister in 1976.

It will be achieved by a combination of not replacing staff who leave and "good housekeeping" measures, such as savings on travel, postage, and telephones.

The Prime Minister's directive means that Whitehall departments will be unable to take on new work involving additional staff or administrative expenditure without first finding savings in compensation.

Departments are also specifically asked by the Prime Minister to avoid the process of grade drift by which the same jobs can tend to become regraded at higher levels of pay.

Individual Government departments are considering in which areas they can meet the Prime Minister's directive and find further cost savings.

The 1976 cuts of £120m. are being implemented mainly by cutting jobs, although £20m. has been earmarked for the sort of administrative savings requested in the latest directive.

The scope for further savings has been limited by the considerable underspending by Government departments in the present financial year as they have kept a tight control on costs.

Mr. Callaghan's memorandum falls under his responsibilities as Minister for the Civil Service.

But his personal intervention in issuing the directive from Downing Street is seen in Whitehall as an indication of his determination that the tight rein on the bureaucracy will continue in what may prove to be an election year.

The Civil Service unions have so far not put forward a strong opposition to the latest cuts, as administration costs rather than jobs will be reduced.

Reed Paper to reveal losses

FINANCIAL TIMES REPORTER

REED PAPER, the troubled Canadian arm of Reed International, the paper, packaging and publishing group, is expected to reveal to-day the full measure of its losses in the year to December 31, 1977. These are the results that will be consolidated into Reed International's own statement for its year ending on March 31.

The Canadian company has already forecast an after-tax loss for the year of not less than £11m., and Reed's management has shown no recent desire to modify this estimate. The London stock market remains nervous of unannounced "extraordinary write-offs" and eager for further guidance on Reed's ability to extricate itself from the predicament of its Canadian interests.

It is believed that major institutional shareholders will shortly be getting together with Reed management to discuss the company's position in the light of the Canadian results.

Third World debts may be written off

BY DAVID HOUSEGO

SEVERAL WESTERN Governments, including Britain, are seriously considering writing off much of the outstanding official debts of the poorest developing countries as part of their aid programmes.

This marks a significant change in attitude, though immediate action is unlikely. In Britain's case, concessional loans of up to £1bn., carrying annual repayments of about £55m., might be involved.

Departmental proposals have already been put up to British Ministers to help decide Britain's attitude at the ministerial meeting of the United Nations Conference on Trade and Development in Geneva on March 6.

Almost the only item there is the demand by developing countries for debt cancellation and rescheduling.

In London fierce dispute is expected to continue this week on whether such debt relief is desirable and whether the UNCTAD meeting is the place to announce it.

Ministers have discussed the proposals in the context of the widening current account deficits likely for developing countries in the next two years, the adverse impact of protectionism on developing-country exports, and the Government's wish to erase Britain's image as one of the hardline industrialised States in the North-South dialogue.

A further sign of renewed Western interest in debt relief is that President Carter will review the U.S. position this week before the UNCTAD meeting.

In Bonn, where there is similar sharp division of opinion, Ministers will discuss the matter. Japan, unofficially, wants to know the content of discussions in the West so as to maintain a common attitude.

$200bn. debt

Total outstanding debt of the Third World is estimated at over $200bn. (£102bn.). Relief measures would be directed to the poorest and exclude commercial loans, export credits and most other official flows of non-concessional terms, and all flows to the richer developing countries.

Chances of early action had receded after officials from developing and industrialised countries failed to agree in the preparatory session in December for the UNCTAD meeting.

EEC officials speaking for their Governments concluded in talks last Tuesday that it would not be possible to propose concrete measures at Geneva.

But Western Governments feel under increasing pressure for a more conciliatory approach because of the action last year by Sweden, Canada, Holland and Switzerland in writing off loans due from the poorest countries, and because of the present impasse in the North-South dialogue.

Advocates in Whitehall of a debt relief programme, known to officials as Retrospective Terms Harmonisation, have said it is illogical for Britain to supply aid as grants while insisting on repayment of past loans.

They want reduction of official (Overseas Development Assistance) loans for 19 countries with incomes per head of under $280 at 1976 prices, and for three with higher incomes per head but classified among the least developed.

Main beneficiaries of such a scheme would be India, with £600m. of outstanding debt at the end of 1976; Pakistan (£111m.); Malawi (£32m.); Sri Lanka (£26m.); Egypt (£19m.); Bangla Desh (£15m.); and Botswana (£13m.).

Opposition

Advocates of the programme recognise that the benefits are arbitrarily distributed but do not believe it would undermine Britain's policy, shared by most industrialised countries, of opposition to generalised debt relief while supporting case by case measures.

They also see it as a way of obtaining more untied aid in the face of opposition from the Treasury and the Department of Trade.

There is little doubt that Mrs. Judith Hart, Minister for Overseas Development, would like to attend the Geneva meeting and present a British initiative. Whether she will be permitted to go, and on what terms, is at the heart of the discussions in Whitehall.

Surprisingly the fears of some bankers and of West German officials that widespread debt relief could result in an eroding of financial discipline in the developing world and undermine the international credit system are not strongly echoed in Whitehall.

The more extreme form of this argument is that the writing off of debt to the poorest nations could be the beginning of a process in which richer developing nations would also seek the cancellation of their commercial debts.

At the UNCTAD December meeting of officials on debt relief, developing nations did not press their former extremist demands for a consolidation and rescheduling of commercial debt.

Their spokesman called for "immediate and generalised debt relief only in the cases of the least developed, most seriously affected, land locked and island developing countries."

Coal deal doubts in U.S.

By John Wyles

NEW YORK, Feb. 26.

THE CAMPAIGN to end the 83-day strike by U.S. coal miners begins in earnest with a meeting in Washington to-morrow of 400 district leaders of the United Mine Workers' Union amid signs that the proposed settlement squeezed out of the industry on Friday is by no means certain of acceptance.

The final decision belongs to the 160,000 strikers who will hold a ballot on March 6.

Agreement

But to-morrow's meeting should yield the first substantive clues as to the acceptability of the proposals, which were dramatically agreed two hours before President Carter was due to announce government action to break the impasse.

The coal employers made agreement possible by watering down their commitment to impose stern penalties on unofficial strikers and to seek productivity-boosting clauses in the new contract.

The Bituminous Coal Operators' Association accepted a settlement which it had rejected earlier in the week.

It was the so-called "pattern" bargain struck between the UMW and the Pittsburgh and Midway Coal Company, a subsidiary of Gulf Oil which is not a member of the BCOA.

A factor complicating an assessment of the coming vote is that Pittsburgh and Midway's 800 miners appear to have voted against their proposed settlement this week-end.

But that may have been because the tentative national agreement is in some respects more generous and the Pittsburgh and Midway men want to make sure that they win all of its provisions.

Winning

But of broader significance is the fact that that coal company is located in a district of West Kentucky controlled by forces hostile to Mr. Arnold Miller, president of the UMW.

The Administration's main hope of winning acceptance for the proposals lies in the fact that the bargaining council, representing rank and file miners, voted 26 to 13 in favour of making the terms of the Pittsburgh and Midway agreement the minimum conditions for an agreement with the BCOA.

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OVERSEAS NEWS

Italy hit by another week-end of violence

By Dominick J. Coyle

ROME, Feb. 26.

STUDENT VIOLENCE involving extremist elements to the left of the Communist Party erupted in Rome for the fourth week-end as Sig. Giulio Andreotti, the Prime Minister-designate, concluded his bilateral talks with opposition parties and trade unions on the formation of a new Government.

While Rome saw most of the violence yesterday, as students planted petrol bombs, overturned cars and set alight several buses, there were also demonstrations and attacks in Milan, Turin, Trieste, Naples, Padova and Florence.

In Rome's working-class Piazziale Prenestino district, buses were halted at gunpoint, drivers and passengers ordered off and the vehicles set ablaze to form barricades against advancing riot police.

Two offices of the neo-Fascist MSI Movement were fire-bombed, as was one district headquarters of the Christian Democrat Party.

Meanwhile, Sig. Andreotti yesterday ended his round of bilateral talks with a six-hour meeting with leaders of the three trade union confederations.

The nub of the present political crisis remains the Communist demand for direct inclusion in the next parliamentary majority, the party's having dropped its earlier campaign for Cabinet positions.

Christian Democrat leaders, including Sig. Andreotti, and the party's president, Sig. Aldo Moro, will address a special joint meeting of party deputies and senators starting here to-morrow on ways of overcoming the crisis.

UNPRECEDENTED PUBLICITY FOR PARLIAMENT

China convenes People's Congress

BY A SPECIAL CORRESPONDENT

PEKING, Feb. 26.

THE NATIONAL PEOPLE'S CONGRESS, China's Parliament, assembling for only the second time since 1965, opened to-day amid more publicity than any other similar political gathering since before the Cultural Revolution.

The very convening of the present Congress indicates that there is more stability in the leadership here than there has been for many years, but the television transmission by satellite of to-day's events suggests that China now wishes to be seen to be making use of its constitutional processes.

A three-minute film of the Congress in session was transmitted on national television. It showed the 3,450 delegates rising to applaud Party Chairman Hua Kuo-feng and his four Vice-Chairmen, all elected members of the Congress Presidium, as they arrived in the hall with the senior Vice-Chairman of Congress Standing Committee, Soong Ching-ling. Soong Ching-ling is the widow of Dr. Sun Yat-sen, the distinguished political leader involved in the founding of the Republic in 1911.

However, although this Congress is not shrouded in mystery like the Congress three years ago and although the preceived concessions to "open government" are great by Chinese standards, they are considerably more symbolic than real. It still remains true that non-participants can rely only on officially released New China News Agency reports of the proceedings.

In his capacity as Premier, Hua presented a 3½-hour report on the work of the Government. His address concentrated heavily on the economic tasks facing China, though he indicated that the campaign against the radical extremists led by the purged Gang of Four had still some way to go before all vestige of their influence and support was removed. The campaign against the gang remained the primary task facing the country, he said.

Reports this week-end of eight recent political executions in the city of Hangchow, which was seriously disrupted by radical influence, helped conserve that view.

He presented a draft outline of a 10-year economic development plan to run to 1985. The plan, first outlined in 1975, had been supplemented and revised since the overthrow of the Gang, he said. However, no details of the plan were given in the official reports of the speech beyond his call to develop agriculture first, followed by basic industries, commerce and foreign trade. The plan also concerned China's new emphasis on worker motivation through wage incentives and a commitment to improve standards of living.

The Premier reiterated the need to develop China's technological and scientific skills and "rapidly eliminate our backwardness in these fields." The report also stressed the importance of "enriching the people's cultural life" and called for the repertoire of the performing arts to be enlarged.

The ritual reference to the liberation of Taiwan was for the first time presented in the context of modernising the Chinese army. The army, the Premier said, should be ready for war and "must make all the preparations necessary for the liberation of Taiwan."

The present Congress will consider a report on the revisions of the Chinese constitution, elect officers of the Standing Committee, including a new chairman, and formally approve party decisions on ministerial reshuffles and switches in the official hierarchy. The main focus of interest remains the selection of a new Prime Minister, should Hua, as expected, relinquish the post.

Delegates arrived by the bus and car loads at the Great Hall of the People, not by subterranean tunnels as they did in 1975. But though the concessions to "open" government are very great by Chinese standards, they are symbolic rather than real.

Sydney Morning Herald

Five die in Statfjord platform fire

By Fay Gjester

OSLO, Feb. 26.

FIVE MEN died last night in an oil platform fire on the Anglo-Norwegian Statfjord field, the largest oil field yet discovered in the North Sea. The platform, Statfjord A, is the largest off-shore production platform anywhere in the world. Its construction has been plagued by delays and cost over-runs.

An oil company official said to-day it was not yet clear whether last night's fire would still further delay the start of production from the field, at present scheduled for late in 1979.

French protest to Danes over election comments

BY DAVID CURRY

PARIS, Feb. 26.

FRANCE to-day protested to Denmark over remarks made by Mr. Anker Joergensen, the Danish Prime Minister last week in Washington favouring a Left-wing victory at the French general election.

The Danish Social Democratic Premier, currently chairman of the EEC Council of Ministers, remarked at a Press conference on Thursday that he thought the Left would win. He said it would not be a bad thing if the Left did so since M. Francois Mitterrand, the French Socialist leader would prove to be a good and independent administrator. This followed similar remarks made by the Danish Foreign Minister, Mr. K. B. Andersen, to a group of European Parliament MPs.

The specific Elysee Palace protest, which called on Denmark to modify its attitude, followed an earlier dressing down of the Danish Ambassador here by the Foreign Ministry.

Meanwhile, with only a fortnight to go to the election, the Left's promise to raise the minimum wage by more than a third to Frs.2,400 (£260) a month immediately upon forming a government has begun to dominate the campaign.

Swiss vote to extend powers of government

By John Wicks

ZURICH, Feb. 26.

IN A national referendum this week-end, the Swiss electroate voted in favour of a proposal to extend the constitutional rights of the Federal Government to intervene in the economy. The revised article in the Federal constitution is aimed particularly at facilitating immediate action against unemployment and inflation and enables the central administration to pass measures in the monetary, banking, public-finance and foreign-trade sectors.

Vietnam sees no S. Asia role for China

By K. K. Sharma

NEW DELHI, Feb. 26.

VIETNAM does not envisage any role for China in South Asia, according to Mr. Pham Van Dong, the Prime Minister of Vietnam, now on a week's visit here. Asked about China's role in South Asia at a Press conference, Mr. Pham said such a question could not be answered since it did not arise. But Mr. Pham was careful to avoid giving the impression that relations between Vietnam and China were anything but cordial.

His country was anxious, he said, to normalise relations with the U.S., and the quicker this happened, the better it would be for both countries. Mr. Pham expressed the hope also that the U.S. would live up to promises to contribute liberally towards the reconstruction of Vietnam.

Mr. Pham said that the most important problem facing Vietnam was reconstruction and, although every citizen was being used for the purpose, he welcomed aid from others both bilaterally and on a multilateral basis.

Agreeing that the food situation in Vietnam was difficult, Mr. Pham said this was the result of natural calamities in two successive years which had affected *four crops. It was for this reason* that his country had sought food grain assistance from India, which had agreed to give another wheat loan of 300,000 tonnes.

This is in addition to the first wheat loan of 300,000 tonnes which India agreed to give a couple of months ago. The first shipment has already been made and the total of 600,000 tonnes is to be despatched within three months.

Marcos refuses Aquino release

By Our Own Correspondent

MANILA, Feb. 26.

PRESIDENT Ferdinand Marcos announced to-day the rejection by his National Security Council of a request from the imprisoned opposition leader, Benigno S. Aquino Jr., for temporary release to enable him to campaign for the April 7 elections to an interim National Assembly.

An official announcement from the Malacanang Presidential palace quoted Mr. Marcos as saying that the council could not release the 45-year-old former senator because "it will be dangerous to the security of the republic."

Mr. Aquino, held in a suburban military stockade since Mr. Marcos proclaimed martial law in 1972, heads a list of opposition candidates contesting the 21 assembly seats allotted to the metropolitan Manila area.

Rhodesian output falls

By Tony Hawkins

SALISBURY, Feb. 26.

RHODESIA'S industrial production fell for the third successive year in 1977, according to official figures released here to-day. The volume of manufacturing production fell 6 per cent. in 1977 following a 6.6 per cent. fall in 1976 and a marginal 1.3 per cent. decline in 1975. Official figures show that output is now running at its lowest level since 1971.

Both mining and agricultural output improved, however. In the case of mining, higher prices helped value of production rise some 3 per cent. though the volume of production fell 5½ per cent. The value of farm production sold on the market rose nearly 4 per cent. in 1977 in spite of significantly lower cash sales by black producers.

Tourism figures published for the first time show that the number of tourist arrivals fell 26 per cent. to just over 100,000, the lowest figure in at least 14 years. The slowdown in the net emigration of white from Rhodesia that started in the third quarter of 1977 is continuing.

Antarctic pact meeting opens

By Paul Cheeseright

OFFICIALS from the 13 Antartic Treaty powers start a three-week series of meetings to-day in Canberra to draft an international agreement aimed at conserving the marine life of the southern oceans. Their particular concern is the krill, the shrimp-like crustacean which is central to the marine ecosystem and is the subject of limited commercial fishing because of its high protein content.

The negitiations follow decisions taken at the treaty conference in London last autumn. The delegates will seek to define a regime based on a series of principles worked out at that time. The meeting will last for three weeks. Delegates are attending from Argentina, Australia, Belgium, Chile, France, Japan, New Zealand, Norway, Poland, South Africa, the USSR, the U.S. and the U.K.

There will not be a blanket ban on the harvesting of krill, which some scientists think could make a substantial contribution to solving problems of malnutrition in developing countries. But it is likely that the treaty powers will seek to put a ceiling on the total catch.

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U.S. warning t[o] USSR on Horn

BY DAVID BELL

WASHINGTON, Feb

THE U.S. warned the Soviet Union this week-end that continuing massive Soviet intervention in Ethopia could impair U.S.Soviet relations and make it far harder to reach a new strategic arms agreement.

The State Department issued this warning yesterday in an unusually swift response to a speech on Friday by President Brezhnev. The Soviet leader said a new SALT agreement was being "blocked by all sorts of obstacles" raised by the United States.

But, in reply, the Carter Administration said that while it agreed with Mr. Brezhnev on the desirability of more progress on area limitation, "It is evident that the character of our general relations also depends on restraint and constructive efforts to help resolve local conflicts such as the Horn of Africa.

"Intervention in this tragically embattled area by the continued shipment of weapons and military personnel, some of them widely involved in combat roles, inevitably widens and intensifies hostilities and raises the general level of tension in the world," a spokesman said.

State Department source[s] that this new warning the time that the Horn and have been so clearly linke[d] not intended to make f[...] SALT progress condition[...] Soviet moderation in Et[hiopia] But it was intended as a "[...]ing shot" across Russian and it reflected increasing irritation that Moscow ha[d] sistently ignored American[...]ments about Soviet involve[ment]

On Friday Dr. Zbi[gniew] Brzezinsky, the Presi[dent's] National Security Adviser the number of Cuban for[ces in] Ethiopia was now more [than] 10,000. In the past two m[onths] the Russians are said by intelligence sources to poured more arms into [Addis] Ababa than the U.S. did [in ...] years.

Administration analysts divided about Soviet moti[ves in] Ethiopia but they note recent Russian actions cann[ot but] increase Western suspici[ons of] Moscow's intentions. This h[...] makes it harder by the we[ek for] the Administration to [...] future strategic arms [...] through Congress which al[ready] has serious reservations [about] Soviet policy.

Miller nomination to Fed post opposed

BY OUR OWN CORRESPONDENT

WASHINGTON, Feb.

THE New York Times, in an unusually strong editorial, said to-day that Mr. William Miller, the Chairman-designate of the Federal Reserve, should withdraw his name because of the continuing investigation into the links between Textron, his former company, and its Iranian agents.

The paper said it did not want to "prejudice" Mr. Miller but that current inquiries would last for at least four more months and he would inevitably be distracted from his Fed job at a particularly important time for the nation's economic policy. The Chairman of the Fed must "stand on his own feet and Mr. Miller cannot be sure of his footing."

Until now there has been no public suggestion that Mr. Miller should step aside and to-day's editorial is expected to be a major blow to him. The New York Times has been generally friendly to the Administration and such an editorial is likely to be taken very seriously both on Wall Street and in Wa[shing]ton.

Mr. Miller has insisted h[e did] not know that the Bell helic[opter] subsidiary of Textron [paid] $2.9m. in commission to a [com]pany closely connected wit[h a] former chief of the Irania[n Air] Force. He is to appear [before] the Senate Banking Comm[ittee] on Tuesday and the Secu[rities] and Exchange Commission i[s] investigating the charges. Arthur Burns, the out[going] chairman, is remaining in [office] until Mr. Miller's nomin[ation] problems have been sorted [out].

Singapore growth

Singapore last year chalked [up a] real economic growth rate o[f ...] per cent. compared with 7[...] cent. in 1976, our Singa[pore] correspondent reports. [The] economic survey from [the] Ministry of Finance, to be t[abled] in parliament to-day, desc[ribes] Singapore's economic perf[orm]ance in 1977 as "satisfact[ory".] GDP at constant prices ros[e to] S$9.8bn. in 1977.

COMPANY NOTICES

PANWIT TRUST S.A.
société anonyme

Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce:
LUXEMBOURG Section B 8:131

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Shareholders of the above-mentioned company will be held at 14, rue Aldringen, Luxembourg, at 2.30 p.m. on Friday, 10th March 1978 with the following agenda:

1. Dissolution of the Company.
2. Appointment of a Liquidator.
3. Approval of the suspension of the calculation of the net asset value of shares in the Trust and the consequent suspension of repurchases of shares from shareholders by PANWIT TRUST HOLDING COMPANY S.A. and by the Trust itself.

Shareholders are advised that the quorum requirement for an Extraordinary General Meeting is that at least 50 per cent. of the outstanding capital of the Company be represented at the Meeting. The first Resolution may only be passed if it is supported by at least ⅔ of the shareholders represented at the Meeting. Holders of shares may vote at the Meeting in person or by proxy. Holders of bearer shares may vote in person by producing their share certificates, or a certificate of deposit of their share certificates at the offices of either the Banque Generale du Luxembourg, 14, rue Aldringen, Luxembourg or Williams & Glyn's, 67 Lombard Street, London EC3P 3DL. Copies of a circular letter to the shareholders of the Trust dated 21st February 1978 and of other documents relating to the liquidation may be inspected at the offices of Banque Generale du Luxembourg, 14, rue Aldringen, Luxembourg and at the offices of Henderson Administration Limited, 11, Austin Friars, London EC2N 2ED during usual business hours on any week day (Saturdays and Bank holidays excepted) up to the date of the Extraordinary General Meeting.

The Directors have suspended the calculation of the net asset value and, accordingly, repurchases of the Company's shares by the Holding Company, as from 21st February 1978. If the resolutions relating to the liquidation are not passed at the Extraordinary General Meeting the Directors will allow the calculation of net asset value to be recommenced on Wednesday, 19th April 1978.

THE BOARD OF DIRECTORS
Dated 21st February 1978.

KINGDOM OF DENMARK

7¾% 1973/1988 FF 100,000,000

NOTICE IS HEREBY GIVEN to bondholders of the above loan that the amount redeemable on April 15, 1978 i.e. FF2,500,000—was bought in the market.

Amount outstanding: FF87,500,000

THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
February 27, 1978

NICHII CO., LTD.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs") EVIDENCING SHARES OF COMMON STOCK OF THE ABOVE-NAMED COMPANY.

Further to notice of February 22nd 1978, The Chase Manhattan Bank N.A. as Depositary gives notice that Coupon No. 3 to the EDRs will be used for the purpose of claiming the year end cash dividend and will also be deemed to have matured on the 23rd February 1978. Coupon No. 3 should therefore be detached together with Coupon No. 2 from any EDR presented for surrender and will not be issued with any new EDR.

THE CHASE MANHATTAN BANK N.A. LONDON
as Depositary.
February, 1978.

RANK OVERSEAS HOLDINGS LIMITED

TO HOLDERS OF THE COMPANY'S CANADIAN $20 MILLION 9½% GUARANTEED LOAN NOTES 1982.

NOTICE IS HEREBY GIVEN that the Annual Report and Accounts of Rank Overseas Holdings Limited for the year ended 31st October 1977 are available from the Bank of Montreal, 47 Threadneedle Street, London, EC2 and the other Paying Agents named on the Loan Note certificates.

E. C. OWERS, Secretary.
27th February, 1978

THE "SHELL" TRANSPORT AN[D] TRADING COMPANY LIMITED

NOTICE IS HEREBY GIVEN th[at the] balance of the Register will be stru[ck on] Monday, 6th March, 1978 for the pr[epara]tion of the half-year dividend payab[le on] the FIRST PREFERENCE SHARES fo[r the] six months ending 31st March, 1978 [...] dividend will be paid on 3rd April, 1[978]. For Transferees to receive this div[idend] their transfers must be lodged wit[h the] Company's Registrar, Lloyds Bank Li[mited], Registrar's Department, The Caus[eway], Goring-by-Sea, Worthing, Sussex, not [later] than 3.00 p.m. on Monday, 6th M[arch] 1978.

By Order of the Board,
A. R. HARVEY, Secr[etary]
Shell Centre,
London, SE1 7NA.
24th February, 1978.

BANQUE FRANCAISE DU COMMERCE EXTERIEUR
U.S.$30,000,000—FLOATING RATE NOTES 1977-1984

In accordance with the terms a[nd] conditions of the above notes, [the] rate of interest applicable for [the] semi-annual period ending August 1978 has been fixed at 8½ per c[ent.]
Banque Internationale a Luxembou[rg]
Societe Anony[me]

LEGAL NOTICES

No. 00607 of 1978
In the HIGH COURT OF JUST[ICE] Chancery Division Companies Court. In the Matter of SHAWMARK PROPER[TIES] LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 22nd day of Febr[uary] 1978, presented to the said Court by NATIONAL WESTMINSTER B[ANK] LIMITED whose registered office is situate at 41 Lothbury, London, [...] Bankers, and that the said Petition is directed to be heard before the C[ourt] sitting at the Royal Courts of Jus[tice], Strand, London WC2A 2LL, on the [...] day of April 1978, and any creditor or contributory of the said Company des[irous] to support or oppose the making of [an] Order on the said Petition may ap[pear] at the time of hearing, in person or [by] his counsel, for that purpose; and a [copy] of the Petition will be furnished by [the] undersigned to any creditor or contr[ibu]tory of the said Company requiring [such] copy on payment of the regulated ch[arge] for the same.

WILDE SAPTE & CO.,
King's Cross House,
200 Pentonville Road,
London N1 9HL.
Reference BMJ.
Solicitors for the Petitioner.

NOTE.—Any person who intends [to] appear on the hearing of the said Peti[tion] must serve on, or send by post to, [the] above-named notice in writing of [his] intention so to do. The notice must s[tate] the name and address of the person, [or,] if a firm, the name and address of [the] firm and must be signed by the per[son] or firm, or his or their solicitor (if a[ny]) and must be served, or, if posted, m[ust] be sent by post in sufficient time to re[ach] the above-named not later than [...] o'clock in the afternoon of the 7th [day] of April 1978.

PERSONAL

.K. companies optimistic ı sales in W. Germany

GUY HAWTIN — FRANKFURT, Feb. 26.

/EY just published by the German Trade Council ıdicates that U.K. manu- rs seem set to do even in the West German than last year.

latest West German -s show than in Deutsche- :erms British shipments ɔlly manufactured goods Federal Republic rose by :rall 18 per cent.—far than the country's aver- er-cent. expansion of non- ım exports.

· annual surveys, as the Council points out, serve rometer of British export ıance and this year 93 of the Council's mem- which 27 per cent. are in consumer goods, 65 ıt. in capital equipment and 8 per cent. in basic consumer products.

According to the findings some 49 per cent. of the companies surveyed said that 1977's sales were either better or considerably better than in the previous year, while 48 per cent. claimed that their position was unchanged.

However, in terms of new orders booked 61 per cent. reported that bookings were either better or considerably better, while 28 per cent. said that things were unchanged.

Interestingly, 59 per cent. of the respondents reported that their competitive position had improved, although 23 per cent. said that it had not improved. Some 16 per cent. claimed that it had worsened and this compares with 3 per cent. who said that sales were worse than in 1976 and 11 per cent. who reported a decline in new orders.

The Council said: "The main reason given for improvement might best be termed as 'marketing effort.' Most respondents referred to new or strengthened sales organisations, better service and investment in advertising.

"A much smaller number mentioned quality, design or range of their British products, while in third place price was given as a favourable factor, more by capital than consumer goods traders."

The Sales Performance of British Products in the Federal Republic during 1977. The British-German Trade Council, Heumarkt 14, Cologne. Price: DM25.

Bahrain confirms Japan contract for gas plant

THE BAHRAIN Government has formally confirmed that the Japan Gas Corporation has been awarded the contract to design and build an associated gas gathering and processing facility in the island's oil fields.

The facility, which is expected to be in operation in 1980, should produce around 280,000 tonnes a year of propane, butane, and naphtha for export with a probable value to Bahrain of around \$33m. according to informed sources.

It is anticipated that the project will provide employment for skilled Bahrainis during the 20 to 22 months construction period and substantial permanent employment upon completion.

Bahrain is one of the oldest oil producers in the Gulf and is expected to be among the first to exhaust its oil reserves. It also has the largest indigenous population fo the Gulf Emirates, with around 200,000 of the estimated 300,000 inhabitants being Bahraini.

The establishment of revenue and job-generating projects in Bahrain is a priority of its Government. An aluminium smelter, ALBA, has been established for seven years, and now employs around 2,000 Bahrainis.

MIDDLE EAST PETROCHEMICALS

Saudi Arabia aims for stability

BY KEVIN DONE, CHEMICALS CORRESPONDENT

SHELL OIL in the U.S. and Saudi Arabia have taken important steps towards establishing a major joint petrochemicals complex.

The Government-owned SABIC (Saudi Basic Industries Corporation) and Pecten Arabian, a wholly-owned Shell Oil affiliate company, have completed the detailed feasibility study for a world-scale ethylene plan and derivatives units.

The complex is part of plans in the Arab OPEC countries for establishing a major presence in the world petrochemicals market. But to allay fears, particularly of producers in Western Europe, Saudi Arabia has indicated that earlier more ambitious plans are likely to be tempered to take account of falling world demand.

Mr. Ghazi Al-Gosaibi, the Saudi Minister for Industry, said in the U.S. that plants to be built in co-operation with U.S. companies would not disrupt world markets. The product mix was being carefully designed to fill predicted demand, and Saudi production would eventually be only about 4 per cent. of world totals.

Saudi Arabia was the sensible place to build the plants, he said, because of the availability of crude oil and natural gas, which is currently flared, for fuel and feedstock

Saudi Arabia has planned three petrochemical plants at a new industrial port city being built at Jubail, on the Gulf, and a fourth at another industrial port city, Yenbu, on the Red Sea. All these plants are ethylene-based. Agreement has also been reached with American Celanese and Texas Eastern for a methanol plant to be built at Jubail.

The Industry Minister said co-ordination was in an early stage to avoid duplication of facilities along the Gulf. He cited the example of aluminium smelters built in Bahrain and Dubai and said Saudi Arabia was now going slow on its own smelter plans.

However, in petrochemicals Abu Dhabi has also announced a plant and another exists in Qatar in addition to weighty plans for Iran.

A Gulf industrial organisation had been set up in Doha, Qatar, he said, to co-ordinate industrial projects in the area, and Gulf planning ministers have been invited to meet in Riyadh, the Saudi capital in 1979, to discuss plans.

The Shell joint venture is scheduled to be on stream in 1982. The project is orientated towards exports and will be designed to have an annual ethylene capacity of 656,000 tonnes. The deal is tied in to a long-term arrangement for the sale of crude to Shell in the U.S.

Meanwhile the next round of the Euro-Arab Dialogue is expected to begin in Cairo in next week, with discussion focusing on petrochemicals.

The European Commission is striving to bring the Arabs' ambitious plans in this sector more in line with falling market demand. A survey of demand has been prepared for approval at this meeting.
current projections.

Nigeria now U.K.'s ninth largest export market

FINANCIAL TIMES REPORTER

NIGERIA has become the U.K.'s ninth largest export market and a number of other oil producers have entered the list of top 30 export markets.

The list, which has been published by the London Chamber of Commerce and Industry, shows that exports to Nigeria rose from £774.1m. in 1976 to £1.1bn. and that Nigeria's position has risen from 20th in 1974.

Other OPEC countries in the top 30 are Iran (15th), Saudi Arabia (17th), United Arab Emirates (20th), and Kuwait (30th) which appears in the table for the first time. Exports to Saudi Arabia have risen from £119.6m. in 1974, to £199.7m. in 1975, £400.3m. in 1976 and £576.9m. in 1977.

EEC countries continue to dominate with West Germany second, France third, Netherlands fourth, Belgium-Luxembourg fifth, Ireland sixth, Italy 10th and Denmark 11th. The U.S. is the main export market with sales totalling £3.1bn.

Another trend in U.K. exports in 1977 was the decline of the old Commonwealth markets with Australia down from 11th to 13th, Canada 14th, South Africa down from 13th to 16th and New Zealand down from 21st to 23rd. Of these markets it was only in South Africa where exports actually dropped from £645.3m. in 1976 to £581.0m.

BRITAIN'S TOP 30 EXPORT MARKETS

		£m.			£m.
1	U.S.	3,087.2	16	South Africa	581.0
2	West Germany	2,501.1	17	Saudi Arabia	576.9
3	France	2,147.6	18	Japan	469.3
4	Netherlands	2,138.7	19	Spain	414.8
5	Belgium/Lux.	1,837.1	20	UAE	454.9
6	Ireland	1,640.3	21	Soviet Union	347.4
7	Switzerland	1,421.3	22	Finland	345.9
8	Sweden	1,196.7	23	Portugal	299.3
9	Nigeria	1,068.7	24	New Zealand	286.8
10	Italy	978.3	25	India	278.0
11	Denmark	797.3	26	Israel	273.9
12	Norway	761.8	27	Hong Kong	271.2
13	Australia	761.0	28	Austria	251.9
14	Canada	712.6	29	Brazil	245.4
15	Iran	654.6	30	Kuwait	243.3

Comecon imports under scrutiny

BY OUR CHEMICALS CORRESPONDENT

THE chemical industry in the EEC is due to hold talks to-morrow with M. Etienne Davignon on a broad range of problems facing the industry including overcapacity in basic petrochemicals and "politically priced" imports from the Eastern bloc.

The European Commission is already in the process of setting up a system of monitoring the increasing effects of compensation trading deals with Comecon countries. Under this system chemical plants built in the Eastern bloc by Western contractors are paid for in product rather than foreign currency.

Now the chemical industry has become alarmed about what could become a flood of low-cost imports, disrupting Western markets.

The Commission is also undertaking a study in the U.S. of how far President Carter's proposed energy package will reduce the marked advantage currently enjoyed by the U.S. chemical industry over its European counterpart in fuel and feedstock costs.

This topic is of vital interest to the industry—again because of cheap imports—in the current Tokyo Round of trade negotiations. Fearful that tariff cuts will be agreed to by the Commission in chemicals without corresponding reductions by other countries, the industry has supplied the Commission with a list of more than 60 particularly sensitive products.

In addition CEFIC, the European Council of Chemical Manufacturers' Federations, can expect to discuss with M. Davignon the strategic options open to the industry in an era of overcapacity.

The Commission is understood to be anxious to avoid a repetition of the problems experienced in the steel, shipbuilding and man-made fibres sectors in the chemical industry.

It is known to be thinking along possible lines of encouraging joint ventures between chemical producers in the base petrochemicals area, as an alternative to the present form of damaging competition that has led to increasing over capacity, and the reduction of prices to levels far below those that would rightly justify re-investment.

enya bans textiles

JOHN WORRALL — NAIROBI, Feb. 26.

ı has banned all imports :shed and semi-finished similar to those produced ıya to protect the local industry, which has been hrough a somewhat trau- experience competing reign goods.

ban covers second-hand ;, hundreds of tons of have been dumped in in the last two years. over, duty on imported ıs been raised by 100 per cent. Transhipment of textile goods through Kenya from Mombasa to neighbouring countries are to be transported in sealed wagons, and if transported by air will be monitored at Nairobi.

Announcing the ban, Mr. Eliud Mwamunga, the Minister of Commerce and Industry, said the Government was concerned about the "mess" in the textile industry. One mill, at Nanyuki, has closed down, but is expected to reopen soon.

Dell for talks in Romania

MR. EDWARD DELL, the Secretary of State for Trade, will visit Romania and Bulgaria next week for a series of high level discussions covering a number of industries.

In accordance with his policy of associating British industry with visits of this kind, Mr. Dell will be accompanied by nine leading U.K. industrialists during his visit to Romania.

They are: Sir James Woodeson, chairman of Northern Engineering Industries; Mr. A. Greenwood, deputy chairman of British Aerospace; Mr. J. Ferguson Smith, chairman of British Aerospace's Weybridge-Bristol division; Mr. D. J. Pepper, vice-chairman of Rolls-Royce; Mr. C. Lomberg, chairman of Simon-Carves; Sir Cyril Pitts, chairman of ICI's Eastern European Board; Mr. J. N. G. Mallinson, deputy managing director of Davy Loewy; and Mr. G. T. Checketts, managing director of Hawker Siddeley International.

The discussions in Romania are expected to cover the projected manufacture there of the BAC One-Eleven airliner, the chemical and process plant industries and more general trade matters.

Mr. Dell is to visit India from March 12 to 17 and will be accompanied by three industrialists on this trip.

orld Economic Indicators

WORLD ECONOMIC INDICATORS
TRADE STATISTICS

		Jan. '78	Dec. '77	Nov. '77	Jan. '77
£ bn.	Exports	2.629	2.779	2.665	2.472
	Imports	2.953	2.850	2.594	3.004
	Balance	−0.324	−0.071	+0.071	−0.532
Frs. bn.	Exports	26.877	28.366	28.035	23.484
	Imports	28.731	27.056	29.650	26.483
	Balance	−1.854	+1.310	−1.615	−2.999
DM bn.	Exports	21.3	25.4	23.5	19.8
	Imports	19.4	21.2	20.4	17.8
	Balance	+1.9	+4.2	+3.1	+2.0
		Dec. '77	Nov. '77	Oct. '77	Dec. '76
$ bn.	Exports	8.57	6.82	6.93	7.156
	Imports	6.36	5.21	5.08	5.503
	Balance	+2.21	+1.61	+1.85	+1.653
$ bn.	Exports	11.030	9.304	9.190	10.154
	Imports	13.059	11.386	12.287	11.066
	Balance	−2.029	−2.082	−3.097	−0.552
		Nov. '77	Oct. '77	Sept. '77	Nov. '76
Fls. bn.	Exports	9.610	9.161	9.027	10.049
	Imports	9.546	9.503	9.303	8.840
	Balance	+0.064	−0.342	−0.276	+1.209
Lire bn.	Exports	3.252	3.282	3.136	2.981
	Imports	3.266	3.745	3.348	3.605
	Balance	−0.014	−0.463	−0.212	−0.624
B.Frs. bn.	Exports	106.693	119.338	123.609	121.911
	Imports	116.721	124.097	121.747	116.374
	Balance	−10.652	−4.759	+1.862	+5.537

Portugal and the EEC

By Jimmy Burns — LISBON, Feb. 26.

THE PROBLEMS associated with Portugal's admission into the European Community received a fresh airing this week-end with the announcement by Sr. Victor Constancio, Portugal's Minister of Finance and Planning and chief EEC negotiator, that his country was not prepared to accept further restrictions on her textiles.

Sr. Constancio who spoke on his return from talks with Mr. Lorenzo Natali, the Vice-President of the European Commission in Brussels, expressed concern that some countries within the Community were considering unilaterally increasing tariffs on Portuguese textiles.

Portugal was not included in the "multi-fibre" agreement endorsed by EEC Foreign Ministers last December which set limits to the imports of low-cost textiles. France, however, secured assurances at the time that protective measures against countries not covered by the agreement would be taken if exports to the EEC reached a critical level.

About half of Portugal's industrial exports are concentrated in textiles and clothing. Portugal exports over 50 per cent. of her textiles to the European Community.

Contracts

- Two contracts together worth more than £1.5m. for designing, fabricating and erecting the steel work for large commercial developments in the oil state of Qatar on the Gulf have been won by the Poole, Dorset, company of Fairmile Engineering.
- The Republic of Guinea has signed a contract worth £3.64m. with Societé Francaise des Téléphones Ericsson for the supply and installation of one large and seven small telephone exchanges. SFTE is a subsidiary of the largest French telecommunications company, Thomson-CSF, though the Swedish company of Ericssons has a 35 per cent. share in it.
- Kloeckner Industrie Anlagen, a subsidiary of Kloeckner, has received a letter of intent to build an alumina refinery worth over \$400m. in Bintan, Indonesia, Kloeckner said.
- The Iraq State Organisation for the Distribution of Oil Products and Gas has placed an order worth in excess of £750,000 for 23 fire-fighting appliances, 20 trailer units and a large quantity of fittings and small equipment from Merryweather, the Greenwich based fire engineers. The total contract is to be completed within 20 months and follows on the completion of £500,000 order from the same customer for large water and foam tenders.
- Further to the recent announcement of a £100,000 contract for Algeria, Dibco Telecommunications (Middle East) has announced a £300,000 contract from the State of Kuwait for the supply and installation of two 300 ft microwave towers, complete with microwave dishes.

Quotas likely soon on Japanese cars

BY JOHN LLOYD

THE RISING share of the U.K. domestic car market by Japanese cars makes it likely that some form of quota system will be introduced in the near future.

The Government is examining plans for quotas though no precise figures have been set.

British Leyland, alone among U.K. motor manufacturers, has been urging temporary quota arrangements on the Department of Trade.

A quota system imposed by the U.K. would be viewed with alarm by the European Commission, though EEC sources in London said yesterday that the Commission had failed in its attempts to persuade the Japanese to cut exports.

Talks with Japanese manufacturers were held recently, but no progress on a voluntary agreement was announced.

However, the Commission would urge community-wide action, and would prefer a system of tariffs rather than quotas.

Japanese cars took a record 13 per cent. of the U.K. market last month and are heading for a probable further rise this month.

The Society of Motor Manufacturers and Traders said yesterday that recent talks with Japanese manufacturers had made it clear that the Japanese were not prepared to set a maximum sales figure, or a market share, in the U.K. of their own accord.

The Department of Trade pointed out that the voluntary agreement made at the end of 1976 by the Japanese manufacturers had not worked.

The market share for Japanese cars had risen from 9.4 per cent. in 1976 to 10.6 per cent. last year.

Penetration

A particular cause for concern is the evidence of the growing strength of Japanese cars in the company car market, which accounts for around 70 per cent. of car sales.

A survey last week by the Automobile Association's Drive magazine said that foreign penetration was substantially up on the 14 per cent. recorded in July, 1976.

The Motor Schools Association reported that the Datsun Sunny and Cherry models were replacing the Ford Escort as the most popular instruction vehicle.

British Leyland is, however, fighting back strongly in that sector. A letter from Mr. Michael Edwards, its chairman, says that companies can order Leyland cars for their fleets with confidence on delivery.

"We mean to earn your support by showing that even a leopard can change its spots.

"We have about as much business as we deserve, but it is not enough to ensure survival and we plan to deserve better."

British Leyland said yesterday that its record since November showed that production could be maintained and that quality could be improved.

Figures for this month indicated that the company should secure market share of about 25 per cent., up 4 per cent on last month, and "level-pegging with Food."

While many large companies, and the nationalised industries, had a policy of buying British for their fleets, many also specified imported models where no U.K. model was available.

Companies often allowed their senior executives to choose any car up to a certain price ceiling. Many choose a Continental made car, for availability and novelty.

Law on suggested prices likely to be toughened

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

RETAILERS will no longer be able to compare their own prices with those recommended by manufacturers if proposals being drawn up by the Office of Fair Trading are accepted by the Government.

The office, which recommended last week that some types of bargain offer claims be banned, is believed to have come out against a total ban on the practice of manufacturers recommending retail prices. Instead, it is thouht to favour tighter restrictions on the way the recommendations are used by shops.

Retail price maintenance was abolished in 1965, but many manufacturers have continued to recommend retail prices. With the growth of cut-price merchandising, recommended levels are little more than notional in some sectors such as electrical durables and most retailers sell the products well below them.

Comparisons such as "40 per cent. off recommended price" therefore, can mislead consumers into thinking they are getting a better bargain than they really are.

Flash packs

The Office of Fair Trading is thought to have considered banning the whole practice of recommending shop prices, but it seems to have decided that the recommendation can serve some purpose for shoppers and shopkeepers alike.

For example, they may help small retailers to know approximately what price they should be charging to give them their normal profit margin.

For this reason, the Office seems to have opted for a compromise proposal which would allow manufacturers to go on recommending retail prices and using them in their advertising. But it would prohibit retailers making price comparisons with them.

Flash packs, of the kind used by the detergent companies to denote special offers, probably would also be banned.

The recommendations will make up the second part of the Office of Fair Trading's review of bargain offer claims. Taken with last week's proposals for a ban on certain types of price comparisons, they would mean that many retailers would have to re-think the way they promote their prices.

The proposals, which are expected to go to Mr. Roy Hattersley, Prices Secretary, within the next few weeks, are likely to meet with some favour in the Department of Prices, which recently asked the Price Commission to look at the effects of manufacturers' recommended prices on bedding.

However, no changes to the existing legislation are likely for some time. Rather than tackling the subject piecemeal, the Government seems likely to leave it until it introduces new legislation stemming from its review of the Fair Trading Act.

Metal Box to build £27m can plant

By Kenneth Gooding, Industrial Correspondent

METAL BOX is to spend £27m. on a new can-making plant at Braunstone, Leicester. It will have the capacity to produce 800m. cans a year for the food and beer industries and initially will employ 350 people.

The project represents the company's largest single investment in the U.K.

The factory will produce Metal Box's first two-piece tin plate food cans in Britain as well as two-piece aluminium beer cans and equipment for the manufacture of easy-open ends.

Two-piece cans use less tinplate and consequently cost about 20 per cent. less than the conventional three-piece. The two-piece can offers opportunities for future savings not available to the three-piece through the use of cheaper steel, for example.

Much of the machinery for the Leicester plant will be made at Metal Box's machinery-building factories around the U.K.

The first of the easy-open ends presses will be in production by early summer. The food can complex is planned to come on stream at the beginning of next year and the beer can operation will be in production by mid-1979.

It is less than two years since the company, which makes six out of every 10 cans sold in the U.K., opened an £11m. factory at Westhoughton, Lancs., which produces two-piece tinplate cans for the soft drinks market. Another £2m. was spent on a line to make two-piece aluminium cans at its Glasgow plant.

The investment is to cope with expected demand. Company forecasts suggest that 1976 sales of 2.5bn. cans will jump by 28 per cent. to 3.2bn. next year.

The group said at the weekend that the decision to go ahead at Leicester "represents yet further support for the brewers who have invested heavily in new, high-speed filling lines capable of filling more than 1,200 cans a minute and recognises the importance of continued growth in the market."

Flooded farmers pour away milk

BY CHRISTOPHER PARKES

FARMERS IN Wales and south-west England, still hampered by snow and flood-water, spent the week-end pouring thousands of gallons of spoiled milk down the drain.

Dead lambs and smothered ews were being dug from drifts — some up to 20 feet deep—remaining to be cleared in the worst-hit parts of the south and also in Scotland, where the cost of the blizzards at the beginning of the month is still being counted.

The Milk Marketing Board, concerned about the loss of milk, which left dairies short of supplies last week, has asked the Government and the EEC Commission in Brussels for immediate help.

"It is still too early to ascertain the full effects of the disaster on the 14,000 milk producers in these two areas—almost a third of all the dairy farmers in England and Wales," the Board said.

"What is clear is that a great number of these producers have suffered severe losses and have been powerless to save much of their milk."

Cut off from collection tankers, farmers were forced to pour away their milk. Producers with herds of 60 cows claimed to be losing £300 with every day's milk production poured away.

In Scotland, farmers' union officials said that many farmers and crofters faced certain b[...]ruptcy. The blizzards w[...] swept much of the country e[...] this month killed between 10 [...] 25 per cent. of sheep caugh[...] their path.

Modest forecasts suggest [...] many as 100,000 ewes have b[...] killed. Forty-two of the 65 [...]mers in the Murray and N[...] region lost up to a quarter [...] their sheep. Only 13 farmer[...] the area escaped wholly with[...] loss.

Officials in Banffshire repo[...] that, apart from the outright [...] of valuable breeding ewes [...] more serious long-term prob[...] would be the effects of the sto[...] on the future breeding poten[...] of these sheep which surviv[...] Many sheep spent up to [...] days buried in frozen s[...] before being dug out alive.

Fences broken

Expensive fences have b[...] flattened by the weight of sn[...] As well as the cost of replac[...] dead sheep, no one will k[...] until April, when lambing is [...] to start, how many lambs w[...] aborted.

Officials in southern Engla[...] where lambing had star[...] expect heavy losses.

Livestock markets [...] slaughterhouses there also h[...] suffered. Because farms were [...] able to get their stock to mar[...] supplies of meat animals w[...] reduced by almost half.

Direct labour 'outstripped by private contractors'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PRODUCTIVITY in private contracting companies is as much as 54 per cent. higher than among local authority direct labour building departments, according to a senior lecturer in economics at the University of Loughborough.

Mr. Michael Fleming has based his analysis on the recent publication by the Department of the Environment of the results of its censuses of local authority building departments and private contractors taken in 1976.

Broadly

Writing in National Builder, the journal of the National Federation of Building Trades Employers, Mr. Fleming says that his figures on comparative productivity are primarily based on housing work, though the picture is broadly the same for other categories.

"From a purely economic point of view, any step to accord direct works establishments a more favoured status seems likely, on the basis of this evidence, to lead to a waste of resources which we can ill afford."

Mr. Fleming's findings will provide powerful ammunition for the federation, which, with other trade bodies in the construction industry, has been fighting Government moves to extend the scope of direct labour operations.

Last year, the Government attempted to provide them with wider powers, but plans had to be at least temporarily abandoned because of the narrow Parliamentary majority.

Proposals to increase their level of activity have re-emerged as part of the Labour Party's plans to part-nationalise the construction and building materials sectors, a move the industry has pledged itself against.

New models for Fiat and Renault

By Terry Dodsworth

TWO medium-range saloons to compete with the Ford Cortina and Leyland's Morris Marina will be announced on the Continent this week.

The most significant is the Renault R18, designed as an addition to the range rather than an immediate replacement of present models.

The car is similar to the R12, with four doors, seating for five people, and a separate boot.

Its styling is similar to that of the earlier car, and is only marginally larger than the R12.

The 18, which goes on sale in France in mid-April, will be introduced to the U.K. at the end of the year.

Fiat has revised and expanded its three-year-old Mirafiori range for display at the Geneva Motor Show which starts on Tuesday.

First deliveries of the range to the U.K. are expected this summer.

Hattersley may see tea blenders this week

BY DAVID CHURCHILL

MR. ROY HATTERSLEY, Prices Secretary, is expected to meet the big tea blenders this week as part of the procedure for imposing a maximum price for tea.

The Government has decided to impose this after the tea blenders refused to cut their prices in line with last week's Price Commission recommendation.

Under the 1974 Prices Act, the Secretary of State is obliged to consult with the trade before imposing a maximum.

Mr. Hattersley's decision to use the Act to impose a maximum level on wholesale prices, and thus force the retail price down to about 21p or 22p a quarter, was mad because the present controls were not available in this case.

The Price Commission investigation was instigated under the previous control system which expired last summer.

The effect of the curb is not expected to be felt for some weeks and could be delayed if consumers refuse to buy higher-priced existing stocks.

Line between brokers and jobbers 'should go'

BY JAMES BARTHOLOMEW

THE STRICT demarcation line between brokers and jobbers should be removed, Vickers da Costa stockbrokers, has told the Stock Exchange senior partners' committee which is examining stock market reform.

The firm, no stranger to controversy having criticised the Stock Exchange executive in its last annual report, considers the division between jobbers and brokers to entail duplication of capital and people. This has become particularly serious, according to Vickers, after the rise in importance of institutional dealing and the fall in investment by individuals.

The large size of institutional deals meant that jobbers had tended to widen margins defensively. Meanwhile, the decreased investment by individuals had made jobbing in shares of sm[...] companies unprofitable.

Fewer jobbers therefore de[...] in those shares and the marg[...] had been widened to the [...] advantage of private investor[...]

Vickers doubts that brok[...] provide a really worthwh[...] agency service for institutio[...] since there are typically u[...] three jobbers for the broker [...] approach. "This leaves co[...]mission almost entirely bas[...] on research which is a frag[...] base to support more than [...] brokers."

A large increase in mark[...] making capacity would result [...] brokers could set up jobbi[...] subsidiaries, and vice-versa. B[...] the agency and market-maki[...] functions should be kept stric[...] separate in any firm performi[...] both.

Action likely to cut butter export profits

GOVERNMENT action will shortly close a legal loophole through which entrepreneurs in the grocery business have been drawing useful profits on butter exports.

Butter sold in Britain is subsidised to the tune of 8½p a pound from the EEC Farm Fund. Traders have been buying supplies of this butter from cash-and-carry wholesale stores and "exporting" them to those parts of the British Isles which are not members of the EEC—the Isle of Man and the Channel Isles.

It appears the dealings were noticeable enough for more conventional traders like Marks and Spencer and the Co-operative Wholesale Society to lodge a complaint. They have been refunding subsidies on exports to offshore branches, thus trading at a disadvantage.

Labour record on law and order under attack

BY PHILIP RAWSTORNE

THE CONSERVATIVES, who came under sharp attack from senior Government Ministers at the week-end for encouraging conflict over immigration, are to mount a counter-offensive in the Commons to-day against the Government's record on law and order.

Mr. William Whitelaw, Tory Home Affairs spokesman, will lead in the censure debate which is designed to stake out the party's position in readiness for the general election campaign.

As 5,000 police with dogs and riot shields successfully averted any major clash between National Front supporters and Left-wingers in Ilford North on Saturday, five days before Thursday's by-election, Mr. David Ennals, Social Services Secretary, accused Mrs. Margaret Thatcher of giving "aid and comfort to the National Front" by her statements on immigration.

The Tory leader had "given a push to division and conflict," he declared at Woking. "She may think it looks good for votes but it is bad for Britain."

Mr. Joel Barnett, Chief Secretary to the Treasury, said in Rochdale: "We now know that many of the decent, civilised elements in our society ... would be in serious jeopardy if this country were ever to have the misfortune of seeing her as Prime Minister."

Mr. Roy Hattersley, Prices Secretary, joining the attack in a speech to a Muslim audience in Birmingham, said that the Conservatives had made "a calculated and conscious decision to play the race relations numbers game."

Airways merger defended

THE MERGER of BOAC an[...] BEA that created British Ai[...]ways "is a fact of life and the[...] is no way back." Mr. Ro[...] Stainton, deputy chairman a[...] chief executive, tells staff in th[...] latest issue of the airline's new[...]paper.

Replying to criticisms th[...] many of the airline's rece[...] troubles were because it is to[...] large, Mr. Stainton says th[...] while "it may well be th[...] management has not yet entirel[...] removed some underlying su[...]picion that people are threatene[...] by the merger and that it wa[...] designed to put people out i[...] the cold," it has "created power[...]ful advantages and new oppor[...]tunities, and the pluses far ou[...]weigh the minuses."

Mr. Stainton says that ther[...] is "tremendous inheren[...] strength" in the airline's com[...]bined route pattern, and in it[...] engineering resources, while i[...] its marketing and commercia[...] activities it has already demon[...]strated that use of the combine[...] name of British Airways is [...] great asset.

More Home News, Page 28

Writ for auditors

The Stock Exchange has issued a writ against Keens Shay Keens former auditors of the hammered stockbroking firm Chapman Rowe. This has emerged from evidence at the trial of former partners of Chapman Rowe at the Old Bailey. The broking firm went under in April, 1974, and the resultant claim on the Stock Exchange compensation fund was more than £1m.

Slower fuel rise

The price of solid fuel went up by 15 per cent. in 1977, compared with 22 per cent. in 1976, said the annual report of the Domestic Coal Consumers' Council.

Mr. David Tench, its chairman, said that the ten per cent. increase aimed at for November, 1979, showed a continuation of the trend.

Chimney check

The Domestic Coal Consumers' Council is to conduct a national survey to discover if families who wish to burn solid fuel are denied the choice of doing so because their homes lack chimneys.

Scots' jobs plea

The Scottish Council of Social Service criticised Government policies in a report on the job creation programme which has cost the U.K. £166m.—£62m. of it in Scotland. Complains that little has been done to assess the value of the scheme to the people employed, to the organisations sponsoring projects or to the taxpayer who foots the bill.

● NEWS ANALYSIS—CASH FOR BARROW HEPBURN

Tanning the enterprise board

BY LYNTON McLAIN, INDUSTRIAL STAFF

LAST week's announcement that the National Enterprise Board is to invest a further sum of nearly £2m. in its joint venture with Barrow Hepburn, the U.K's. largest leather tanning group, seems certain to increase the resentment felt in the rest of the industry over the Board's activities in this sector.

Fourteen tanning companies, representing 65 per cent. of the industry's output, already have taken legal action over the Board's decision, announced in March last year, to form a partnership with Barrow Hepburn. Last month an attempt by the Board to block a High Court action challenging the legality of its involvement in the tanning industry was rejected.

The partnership, British Tanners Products, is 50 per cent. owned by the Board and the balance by Barrow Hepburn. The new company comprised the U.K. tanning, tanning materials and gelatine businesses of Barrow Hepburn, based on five tanneries, one tanning material manufacturing business and a gelatine manufacturing business at Beverley, Hull, Bolton, Leeds and Ulverston.

The anger

The enterprise board paid a total of £3m. for its share in the new company last March and last week it announced a further injection of £1.5m. to help finance a slimming operation involving substantial redundancies.

The board also is to pay £450,000 for a 4.8 per cent. shareholding in Barrow Hepburn itself.

This State involvement in what is generally agreed to have been an ailing part of the Barrow Hepburn Group's activities, has caused bitterness and anger within the rest of the British tanning industry.

The 14 companies involved say they cannot understand why the Board considers the tanning interests of Barrow Hepburn a good investment for taxpayers' money. They say that the Board is working outside the rules which require it to act commercially.

Many of the tanners have written to MPs protesting about this and about the potential harm State involvement could do to their businesses. There has been talk of redundancies.

Mr. Eric Varley, Industry Secretary, was urged last summer to pursue talks on possible aid for the whole of the British tanning industry before additional aid was given to British Tanners Products. The plea came from Mr. Michael Grylls, Conservative MP for north-west Surrey, who wanted an industry-wide scheme.

But this, and the Board's interpretation of the important phrase "acting commercially" is precisely the ground on which the Board believes the independent tanners' court action will fail.

The legal twists are complex, shown by apparent confusion and hesitation last March when the 14 tanners applied for an injunction to stop the Barrow Hepburn deal with the Board. The injunction was refused. The 14 tanners were silent until last spring when they applied for a court hearing. This was granted and it was the Board's turn to apply to have it thrown out. Mr Justice Forbes refused, at the end of January, 1978, to stop the action going to trial.

The 14 tanners still are seeking a court declaration that the Board does not have power to make what it described as a discriminatory grant and that it should become involved only with enterprises which show possibilities of a reasonable return.

The tanning industry claims it is in difficulties with overcapacity and poor market prospects. Last year's £330m. turnover by the British leather processing industry compared with £270m. in 1976, though this was largely a result of rising prices of raw hide, which accounts for half the cost of finished leather.

The gloom

More than 400m. sq. ft. of light leather and 10,000 tons of heavy leather were produced last year for industry and shoe soles. Exports topped one-third of output, or £110m. Against this, imports of dressed leather were £55m. to £60m. last year, compared with £42.5m. in 1976 and £28.25m. the previous year. With rough tanned leather, imports totalled £99m. last year, giving Britain an £11m. surplus on the leather balance of payments.

There is gloom about growing import penetration but the good news on the trade surplus will be part of the board's argument when the British Tanners issue goes before a court during the Whitsun law term.

But, the biggest part of the board's defence of its actions in grabbing up to 35 per cent. of the British tanning industry will be that the 14 tanners actually have no right to bring charges against it.

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[F]ebruary 27, 1978

LABOUR NEWS

Teachers to reject 9% pay rise offer

TEACHERS' unions will turn down to-day a pay offer made in secret last week.

The offer, framed within the Government's 10 per cent. guidelines, would give a 9 per cent. rise to all teachers, leaving 1 per cent. for "salary drift."

The unions' original claim was for 12½ per cent.

The union side of the Burnham negotiating committee, meeting in London, will resist the idea that incremental and promotional increases should come out of the 10 per cent as "salary drift."

"It's robbing Peter to pay Paul," said Mr. Terry Casey, general secretary of the 100,000-strong National Association of Schoolmasters Union of Women Teachers, the third largest union.

'Scrooge'

It would make employees responsible for the contractual obligation of employers to pay increments.

"If the management sticks to this Scrooge attitude to teachers, when they have been benevolent to their manual workers to the extent of 10 per cent. plus, it must surely mean an appeal to independent arbitration," he said.

● An ultra Left-wing bid to win six key seats on the executive of the National Union of Teachers was disclosed yesterday by Mr. Max Morris, a past president of the union.

Stewards vote on Leyland £8 plan to-day

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND CARS' shop stewards vote to-day on whether to give a trial run to a new incentive scheme which the company claims could yield up to £8 a week for each of the 100,000 manual workers.

The management has proposed a six-month trial to break the impasse in negotiations with the trade unions. Talks over the last three months have made little progress on a scheme which should have been introduced on January 1.

The company is now in a much stronger negotiating position than when it balloted the work force last October on whether to accept a package of industrial relations reforms.

Then, the unions were threatening sanctions. Now, after Government support for the hard-line decision to close the Speke assembly plant, management is setting the pace.

Agreements

Mr. Terry Duffy, the Amalgamated Union of Engineering Workers' national executive member for the Midlands, admitted last night that management had made few concessions.

"Rather than reject the offer, the 27-man union negotiating committee is putting the issue back to the senior stewards to see whether they are prepared to grasp the nettle."

The unions have been insisting on mutual agreements of work standards and have rejected the £8 upper limit on bonus earnings. The management recognises the need for incentives to restore morale and effort to the company, but is determined to make the scheme self-financing.

The shop stewards, meeting at Coventry, will also consider progress on the job evaluation exercise to place all workers within a five-grade structure.

The exercise marks only the first stage of the plan to establish, by November next year, parity of earnings between the company's 36 plants. The aim is to pay workers the same wage for the same job regardless of location.

Fears that management plans to reform Leyland's chaotic wage and bargaining system would be overtaken by militant rank-and-file action have receded.

The arrival of Mr. Michael Edwardes, the new British Leyland chairman, with his brief to put the company on a commercial basis, has forced shop stewards on the defensive unsure of the support they can command.

£3bn economy boost sought by TUC to reduce jobless

BY CHRISTIAN TYLER, LABOUR EDITOR

A START should be made on the long-term unemployment problem by giving the economy its largest budgetary boost this April, the TUC says in its economic review, published last night.

Calling for a gross injection of £3.8bn. in the coming year, equivalent to £4.7bn. in a full year, the TUC is aiming for growth of 5 or 6 per cent. Further action may be necessary this year, it says.

The main item on April 11 should be a direct tax cut worth £2.1bn. in a full year, to boost spending power. But "an indiscriminate boom in consumption" is not proposed.

The tax cuts should be effected by introducing a reduced rate band of £1,000 on which tax would be 25 per cent. instead of the standard rate of 34 per cent.

Underlying the TUC's case is a "modest objective" to bring unemployment, standing at 1.4m., down to 1m. by 1981. That would require the creation of another 1m. jobs. To approach full employment, 1.6m. new jobs would be needed.

Structural measures were needed as well as extra demand —"otherwise there is no path to economic recovery which will avoid the dangers of inflation and unemployment."

As well as extension of present job subsidy schemes there should be concerted union action in western countries to negotiate improvements such as a shorter working week. That action must be complementary "to cancel out any adverse effects on competitiveness which unilateral action might produce."

In Britain, a cut in the working week from 40 to 35 hours would have to be phased, because cost, even assuming that 40 per cent. of the hours cut were paid for out of higher productivity, would be about 6 or 7 per cent.

Sabbaticals

Depending on the level of overtime still worked, and of output, the benefit of a shorter week would range between 700,000 down to only 150,000 new jobs.

Unions should seek the maximum employment benefit without cutting workers' living standards, either through lower pay or rising inflation.

The review also discusses cutting overtime and bargaining for longer holidays or sabbaticals for workers with long service, for extended week-ends on a ratio basis, extended educational leave and phased early retirement.

Government action should include expanding the small companies job subsidy into a general employment subsidy. Every new job in manufacturing companies, regardless of their size or location, should attract the £20-a-week subsidy. That would provide about 140,000 jobs at a net cost of £150m.

This, improvement of the early retirement subsidy and extension of the temporary employment subsidy—about which the Common Market Commission has complained—will be the subject of a meeting to-day between TUC leaders and Mr. Albert Booth, Employment Secretary.

The review also looks at international trade and investment, at the Budget and at North Sea oil.

In the Budget chapter, there is a single reference to pay, where the TUC says that although it is not party to the 10 per cent. earnings limit, the approach of securing large increases in order to make up ground lost over the past three years would be self-defeating.

Uprating

There should be an increase in the child benefit, on top of a rise due in April, to bring it up to £4.50 a week per child by April next year.

There should also be another £1.05 for single pensioners and £1.70 for a couple, on top of the next autumn uprating, and the pensioners' £10 Christmas bonus should be doubled and made permanent.

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[(c)] I/We declare that the applicant is not resident outside the Scheduled [Territ]ories (d) and that the security is not being acquired by the applicant as the [nomi]nee of any person(s) resident outside those Territories.

.... 1978 SIGNATURE ....
of, or on behalf of, applicant.

[PLEA]SE USE BLOCK LETTERS

[SU]RNAME OF APPLICANT
[M]R./MRS./MISS OR TITLE ....

[F]IRST NAME(S) IN FULL ....

[A]DDRESS IN FULL ....

Applications for amounts up to £2,000 Stock must be in multiples of £100; applications for amounts between £2,000 and £50,000 Stock must be in multiples of £500; applications for more than £50,000 Stock must be in multiples of £1,000. Applications should be lodged at the Bank of England, New Issues, Watling Street, London, EC4M 9AA.
A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "Exchequer Stock".
If this declaration cannot be made it should be deleted and reference should be made to an Authorised Depositary or, in the Republic of Ireland, an Approved Agent, through whom lodgment should be effected. Authorised Depositaries are listed in the Bank of England's Notice EC 1 and include most banks and stockbrokers and solicitors practising in the United Kingdom, the Channel Islands or the Isle of Man; Approved Agents in the Republic of Ireland are defined in the Bank of England's Notice EC 10.
The Scheduled Territories at present comprise the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar.

Building and Civil Engineering

£8.6m. Glasgow motorway

A CONTRACT worth £8.6m. for Stage 2B of the Monkland motorway, Glasgow, has been awarded to W. and C. French (Construction) by the Strathclyde Regional Council Department of Roads.

This section of the motorway, which is on the east side of the city, will be a 3.6 km. stretch of three-lane dual carriageway. Included in the contract are overbridges, footbridges, sign gantries, lighting and diversion of water pipes.

This work which starts soon will complete the dual carriageway link from Port Glasgow to Edinburgh.

Robert Marriott which, like W. and C. French, is a member of the French Kier Group, has won a contract worth over £1m. for the construction of eight factory units at Brackmills for Northampton Development Corporation. The two-storey factories will be completed within the next year.

Two awards to Wimpey

THE Metropolitan Borough of Tameside has awarded two housing contracts at Ashton-under-Line, Lancs., together worth about £1.4m., to George Wimpey.

One is for 80 council dwellings and associated services at Coronation Road and the other, at Prospect Road, for 67 two-storey dwellings. Work starts in March and is due for completion a year later.

Boost for gas plants

CRYOPLANTS, London-based subsidiary of BOC, is mounting a £1.5m. investment programme to boost output of air separation plants, storage vessels and road and rail tankers for the storage and distribution of industrial gases.

Manufacturing facilities have to be expanded to meet rising orders from home and overseas. Exports, which accounted for 70 per cent. of orders in 1977, are expected to account for a major proportion of future orders.

Heart of the expansion programme is the erection of a new fabrication shop, scheduled for completion by the end of 1978. This will add 21,000 square feet to existing fabrication facilities, and will be used to make the bigger tonnage oxygen plants and large storage vessels. The new facility will feature a special double-tier crane system with two 40-ton overhead electric travelling cranes at the 60-foot level and two five-ton units at the 30-foot level.

The investment programme involves refurbishing and extending existing workshops to increase road and rail tanker construction. When this is complete, Cryoplants will be able to build tankers on a semi-flow line basis. The new facility will incorporate a unique automatic welding system developed jointly with an associate BOC Group company.

Long desert trains

USING SPECIALLY developed dollies in conjunction with Trailer Systems' Tri-80 ultra-heavy-duty trailers, a Middle East operator is using road trains, three trailers long, on desert hauls.

The Tri-80 trailers can carry 50 tonnes at normal speeds and 60 tonnes at 12 mph. The dollies for 106-tonne gross, which convert the Tri-80 into a draw-bar trailer for the road train, incorporate 20-tonne BPW suspensions, which carry the full load imposed on the dollies by the adjacent trailers.

The A-form draw-bar is adjustable, and the fifth-wheel coupler can cater for either a 50 mm or 88 mm interchangeable f coupling king pin. Bra systems on the dollies are ciently effective to stop desert road train on their Each dolly is designed for specific traction unit, so tha geometrics are matched to damage when reversing.

Details from Trailer Syst 17, Shirley Street, New London E16 1HU (01-474 22

More for Bowey

OVER £2½m. worth of contracts have been placed this month with the Bowey Group.

Largest is for Newcastle upon Tyne City Council at over £¾m. for housing at Westbourne Gardens, Walker. This includes 47 houses and flats, and a block of 30 flats for old people, with warden's accommodation, common rooms and laundry.

For North Tyneside Council the company is to build 48 dwellings, 2 shops and a play area at Cullercoats valued at over £½m.

The remaining £1m. worth is comprised of five building projects in the North East.

Trade centre project in Melbourne

TENDERS ARE to be called in March for the \$A61m. first stage of a world trade centre in Melbourne, Victoria, Australia. It is stated that plans are also being prepared for an allied, but separate convention centre for up to 4,000 people.

The trade centre is to offer a wide range of business facilities and services. It will house the new headquarters of the Melbourne Harbor Trust and will provide accommodation for banks, importers and exporters, trade organisations, airlines and shipping companies.

The convention centre will be sited at Exhibition Gardens about two miles to the north of the trade centre. A world exhibition is planned for 1980.

Houses at Northfleet

WORK STARTS soon on a 68-week contract for the construction by traditional methods of 59 houses and 24 flats, all of two storeys, for Gravesham Borough Council at Perry Street, Northfleet, Kent.

The contract, worth about £1.2m., includes roads and ancillary works, and has been let to Willett, a Trafalgar House Group company.

Keeping it straight

A BRICK-CLAD structure to house a milk spray drying tower for the Nestlé Company in Carlisle is to be built with the aid of a laser.

The £450,000 contract calls for a 5-storey reinforced concrete frame with concrete floors to accommodate a cylindrical stainless steel milk processing plant rising through three storeys. This posed a problem of vertical alignment.

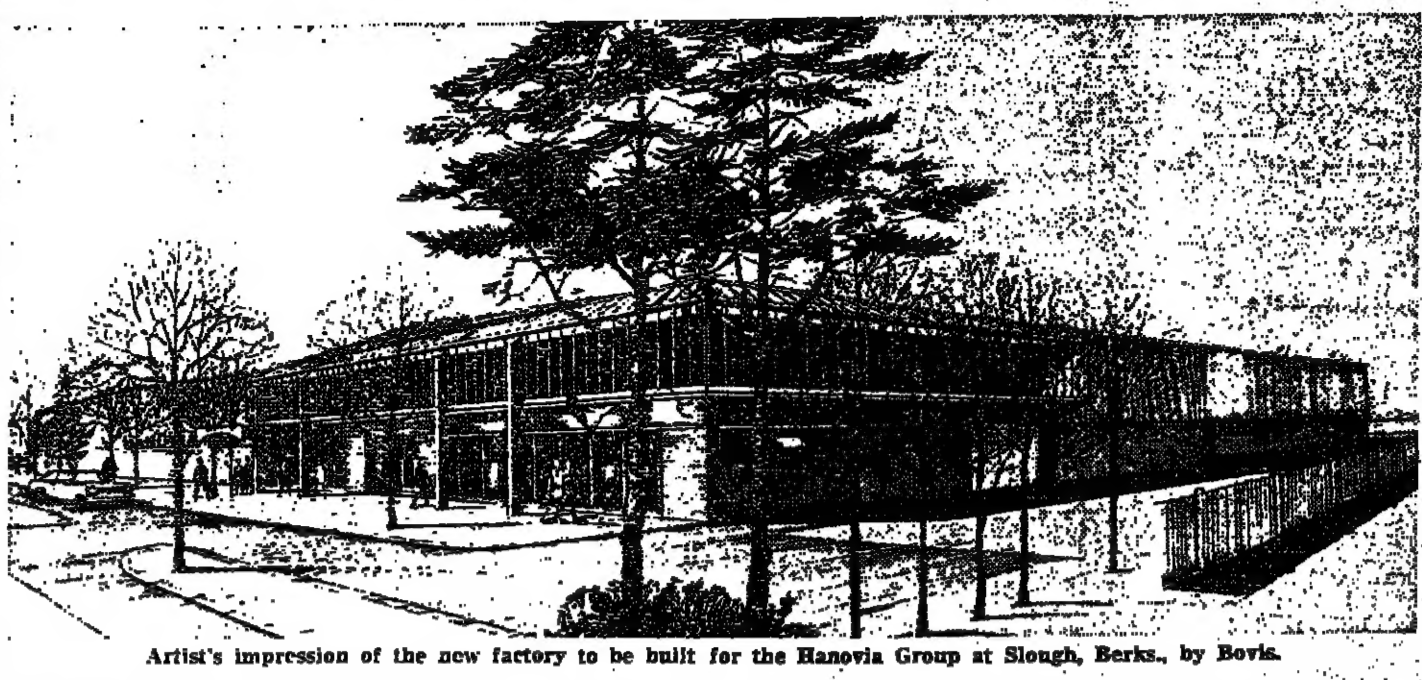
Laing says it was decided to use the laser beam because of the difficulty of plumbing the edges of a circular shaft to the necessary degree of accuracy, and because of the tight fit of the machinery. The laser will be beamed up the centre of the shaft to provide an axial reference.

Architects are Beard Bennett Wilkins and Partners.

Search for uranium

SAARBERG-Interplan GmbH, Saarbrucken, Federal Republic of Germany, the coal, oil and uranium development and consultant organisation of the State-owned Saarbergweke AG has awarded a uranium exploration contract to Hunting Geology and Geophysics.

The contract, involves carrying out in the spring a low-level airborne gamma-ray spectrometer and magnetometer survey over a distance of 4,000 km in the Oberpfalz area of north-east Bavaria, north of Regensburg. The aim of the survey will be to disclose anomalous radioactivity and to assist in delineating geological structures.



Artist's impression of the new factory to be built for the Hanovia Group at Slough, Berks., by Bovis.

Factory and offices

COMPLETE rebuilding of headquarters at Bath R Slough, Berks., is planned the Hanovia Group. Work expected to start in March.

The present 14 single-st buildings totalling 50,000 sq feet will be demolished replaced by a single pur designed unit to provide than 60,000 square feet of m facturing capacity. Office ac modation will also be incre by a third to 10,000 square housed in a two-storey adm trative block.

It is understood that the contractor will be Bovis and cost of the work will be £¾m.

The new building has designed by Parsons Bednal

Foundations and gatehouse

A £600,000 contract has been won by John Mowlem for work in connection with the Castington young offenders establishment near Morpeth, Northumberland.

One part of the contract calls for a gatehouse which is to be a structural steel frame building with brick walls. The other part involves groundworks and foundations for the reception and kitchen areas and a physical education and training centre.

The work is being carried out on part of the former RAF station at Acklington, adjacent to a prison. The architect is Douglas A. Reed and Associates.

Houses in Scotland

WORTH A total of about £¾m., two housing contracts have been awarded to Leech Homes (Scotland).

At Falkirk 48 sheltered housing units are to be built for the Beild Housing Association under a £½m. contract. Work is scheduled for completion by mid-1979.

Construction starts next month on a £¼m. contract for 23 housing units for Cumbernauld Development Corporation. Completion is due by the end of the year.

£6m. for Norwest Holst

IN CONJUNCTION with the French organisation Socea, Norwest Holst Civil Engineering is to lay 32,700 metres of 900 mm. diameter steel pipeline for the British Gas Corporation. Value of this contract is £5½m. and together with several other awards brings the total of latest orders to nearly £6m.

The line, says Norwest Holst, is for the Bathgate to Lanark East Route of the Scottish Pipeline Project. About 9,000 metres of the pipe line will be concrete-coated and laid in bog land.

Norwest Holst is also undertaking a £340,000 pipeline job for Merthyr Tydfil Bor Council at Cwm Blaes. This for the laying of 650 metre concrete pipes and construc of 60 metres of reinfo concrete channel. Within contract, John Jones (Exc tion), an associated comp will move 250,000 cubic me of earth.

Two other jobs for Nor Holst are the construction container berth at North D Garston, for the British Tr port Docks Board (£225,000) the installation of an eff treatment plant at Outw Wakefield, for Associated Da (£190,000).

Keeping big project on schedule

VITALLY important scheduling for the big project to build flour mills and silos on five widely separated sites in Iran, in the hands of Redler Grain Silos as main contractor aided by Norwest Holst Special Engineering, is being provided by PERT techniques run on Centre-file (Northern) equipment.

Programmed evaluation and review techniques, or PERT, are of great value where many suppliers, designers, engineers and staff—not necessarily belonging to the same organisation—must perform certain jobs on schedule in order to get a major project completed on time.

Initial planning by Norwest Holst chose PERT as the way to solve many basic problems in this project. The construction sites are at Arak, Rasht, Gohm, Tabriz, and Qazvin. They are from 300 to 500 miles apart and varying weather conditions can make pouring of concrete and other outside operations impossible for weeks on end—but over different time intervals in each location.

However, construction of the silos by slip-forming once begun, must not be interrupted. Delays can have far-reaching and expensive consequences. At the same time, special formwork, imported talent and expensive equipment must be moved from site to site with minimal interruption.

The programmes also have to take into account the considerable numbers of religious holidays which, obviously, must have a major influence on site work.

Co-ordinating all this is much less onerous with PERT, in particular the particularly efficient version run by Centre-file (Northern). Developed some years ago for use on ICL 1900 equipment and even then far better than most of the competing software, the PERT packages used by Centre have been considerably hanced by agreement with skil.

How the job is done is sending raw data by telex Tehran to Manchester where is processed, analysed and dated and returned to within 48 hours, by air.

These schedules enable Re to plan erection on site of one to three groups of nine s sometimes associated with f mills and other facilities.

This is the most com project undertaken to date Redler/Norwest, using PE approaches. The partners' p ning responsibility is limite drawing the original netw and deciding which of a w choice of printed reports, suit their needs. Day-to- routine is handled by Cen file in Manchester.

More information from Cen file Northern on 061 872 19

Brings welcome chill

BRINGING A welcome chill to workers at remote desert sites is a 1,200 cu. ft. super-fridge developed by Portasilo.

Built of steel, and measuring 12ft. 6in. long by 9ft. wide, the unit can be transported by lorry. It has two compartments, a cool room and a freezer section, providing temperatures of 27 and minus 23 deg.F. in ambient temperatures of 109 deg.F.

Evaporators and compressors for the two refrigeration units are located on the roof. These are transported within the unit for fitting on-site, and connection to a generator or mains supply. Ratings depend on location requirements. Cost is £10,000.

Details from Portasilo, New Lane, Huntington, Yorks. (0904 21951).

Predicting the reaction

SIMPLIFYING the prediction how sub-soil and foundations buildings will react is a comp program suite available to c and structural engineers fr LUCS.

Written by Dr. L. A. Wood Queen Mary College, London, program relies on finite elem and boundary element techniq to analyse asymmetric mu layer soil problems and mo foundations systems.

The program calculates and raft deformations, mome and contact pressures and ca for all variables in s materials, element thicknes and load types.

One aspect of the RAFTS p gram is its ability to determ the effects of building near structures and what happ when soil and raft are no long in contact.

More from LUCS on 01- 4344.

Jarvis gets variety of work

INDUSTRIAL BUILDINGS and a children's home are among the latest contracts awarded to J. Jarvis which says the total value amounts to £2m.

A small estate of six factories in two blocks is to be built in Barnet, Herts, for project manager Jarroms of London. Designed by J. Robinson and Sons of Bradford, the largest factories have a span of 31 metres and are 22 metres long.

For the London Telecommunications Region of the Post Office a service centre is being built at Crayford, Kent, and part of the district depot of the London Electricity Board in Bengeworth Road, London SE5 is being converted into offices to form an extension to an existing office building.

In Portsmouth, Jarvis is extending the carton manufacturing and printing works of J. Dring while back in London a home for 20 mentally handicapped children is being built for the London Borough of Islington.

IN BRIEF

- Pre-let to the Cavenham Group, a 21,000 sq. ft. single-storey store at Workington is to be built by Thomas Milburn under a £225,000 contract from Bellway Holdings.
- Thermoglas pipeline outerwrap worth over £150,000 is being supplied by Anderson and Son to a Russian consortium working for the Nigerian National Petroleum Corporation.
- Monojoint H.A.C., developed by Industrial Flooring Services (an A. Monk company), a cementitious one-pack bridge expansion joint nosing compound, has received Department of Transport approval.
- Orders for architectural windows totalling £¾m. have been won by Percy Lane (Architectural). Largest order was for 1,005 windows for the new Merseyside Police HQ being built by George Wimpey.
- Briggs Amasco is putting metal deck roofing worth £340,000 on a new town centre shopping development at Pollock, Glasgow. Crudens is the main contractor. At a new Makro self-service wholesale store near Paisley, Briggs Amasco (a Tarmac company) is installing metal deck roofing and mastic asphalt flooring worth £160,000—Fairclough Building is main contractor.
- IBM United Kingdom is seeking planning approval for an additional 365,000 sq. ft. building at its HQ, North Harbour, Portsmouth. Arup Associates are the architects.
- The London Borough of Harrow has awarded a £400,000 contract to Costain Construction to build an extension to Bentley Wood High School at Stanmore, Middlesex.
- Eleven Babcock-BPR tower cranes and self-erecting mobile cranes valued at over £715,000 have been ordered from overseas so far this year. They are destined for the Middle and Far East.
- A £1½m. sheet roofing material plant has been opened at Caerphilly, South Wales, for Texsa-Ness. It will make Multi-Plas, a flexible five-layer laminate for water-proofing roofs. Manufacture is based on coal products and operating company is a jo venture between the NCB a Texsa SA.
- Contracts worth over £24 for modernisation of hous have been awarded to Unit C struction Company, a memb of the Alfred Booth Group.
- Eight factory units are to built by Robert Marriott (Fre Kier Group) for Northampt Development Corporation Brackmills. Value of the co tract is over £1m.
- The 54th edition of the C crete Year Book has just be published. Its 620 pages cludes lists of consulting en neers, suppliers of plant a materials and precast concre manufacturers. Copies are av able price £7 from Cement a Concrete Association, Wexh Springs, Slough, Berks SL3 6P
- The Institution of Civil En neers is to hold a manageme and use of plant "teach-in" the Cafe Royal, Piccadilly, Lo don, on April 7.

Like the time one of our representatives showed a harassed businessman the way out of Glasgow. He literally got into his own car, and with the man following in his Avis car, guided him to the outskirts of the city.

Like the time a visiting American left an expensive camera and 10 rolls of used film in an Avis car at Dover. Our staff there made sure it was delivered to London the next day, thereby rescuing some expensive equipment and lots of memories.

Like the fact that we can offer you quicker, easier service, by the use of our personal charge cards and company travel orders.

Like the way you can easily rent an Avis car worldwide by ringing one of our 5 reservation centres (phone numbers below).

At Avis, we really do try harder.

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RESERVE A CAR CALL YOUR TRAVEL AGENT OR YOUR NEAREST AVIS RESERVATION CENTRE: LONDON AND SOUTH EAST (01) 848 8733 MIDLANDS AND SOUTH WEST (021) 622 4262 SCOTLAND (02366) 54525 NORTH OF ENGLAND (0532) 444911 NORTHERN IRELAND (02384) 52333.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Shows gas movement inside car engines

FOR MANY years internal combustion engine designers have sought ways of finding out exactly what goes on inside a cylinder during its operating cycle and some ingenious methods have been invented to get at least part of the picture clear.

It has taken the advent of the laser to provide a new tool which is likely to provide much more information than ever before on fuel/air motions in an engine as it is working and, after something like a year's work, the team working on the ICEP (Internal Combustion Engine Project) programme at Harwell and several other centres is now confident that the technique developed will be of major use to designers.

Senior engineers from a number of groups are acting as advisers on the way in which the project should run and represent CAV, Chrysler (U.K.), Ford (U.K.), Leyland's car, truck and bus groups, Perkins Engines, Rolls-Royce Motors, SU Fuel Systems, Zenith Carburetters, the MoD and DoI.

What the research team has achieved to date is to observe fuel/air motion inside a cylinder of a running engine on a test bed at Leyland. The technique relied on transmitting a laser beam into the cylinder head and studying the reflected beam, the cylinder having been fitted with a transparent disc for the purposes of the work.

Measurement techniques used to determine movement and speeds are particularly complex and depend both on creating interference between laser beams so as to have a series of light and dark fringes of known widths in a reference volume in the engine and on shifting the frequency of the interfering light so that the fringes themselves move.

From the reflected light, histograms are produced—64 is the aim—relating to various points in the engine cycle, sector widths being variable between 5 and 45 degrees crank angle. Each is a plot of particle velocity against the number of times a velocity is observed.

This is valuable data for the calculation of movement of fuel/air mixture in the cylinder.

The same techniques have been applied to the study of air motions within a manifold on a motored engine and it is hoped to extend this to a firing engine soon.

With Perkins, the team has applied the laser device to a motored diesel engine with plans to extend its use to an operating engine.

Steady progress is being made towards the measurement of fuel droplet sizes and fuel droplet velocities inside engines—to yield even more valuable information. At the same time, a technique is being developed for the measurement of the composition and temperature of the gases and vapours in engines.

In the not too distant future, it may become possible to provide very quickly a full analysis of how a new shape of cylinder or manifold will affect the performance of a prototype.

The development has not been without its problems since the team has had to overcome vibration effects, liquid fuel on the viewing port, stray light emitted from within the cylinder and so on.

More information from Dr. P. Hutchinson, Engineering Sciences Division, Building 392, Harwell, Oxon OX11 0RA. 0235 24141.

● ELECTRONICS

Small but efficient

A MINIATURE switching power supply from Gould achieves a power density of 54 watts/litre and has 24 V dc output rated at 1.4 A.

Called the MMG24-1.4 it measures only 160 x 88 x 33 mm but is equipped with overcurrent and overvoltage protection.

Regulation is such that the output varies by less than 0.1 per cent. for a worst case combination of 0 to 100 per cent. load current change and a 198 to 264 volt variation in the mains supply. Ripple and noise are within 10 mV rms and the temperature coefficient is less than ±0.01 per cent. per deg C. The standard model operates from 240 or 110 volts mains and a 400 Hz model can be supplied.

On transient response, a step change of load from 100 to 10 per cent. (or vice versa) produces an output voltage deviation of only 300 mV, returning to the deviation band within 10 milliseconds.

The unit is designed to meet a number of international standards in terms of both safety and performance.

More from Gould Electronic Components, Raynham Road, Bishop's Stortford, Herts. (0279 55155).

Ferranti to distribute via ITT

STILL seeking to make its semiconductor products available to a wider cross-section of industry, Ferranti has decided to add ITT Electronic Services to its list of distributors.

The company already has franchised for example, Swift Hardman, SDS and Comway and the new move should do yet more to remedy the relative lack of visibility of Ferranti products in the small electronic business marketplace.

The company admits that it did not take sufficient interest in distribution up until about two years ago and is seeking in the near future to bring the percentage of its semiconductor output sold in this way from the present 10 to 15 per cent. up to 25 per cent. Most of the U.S. majors in semiconductors have achieved a figure that probably lies between 30 and 40 per cent.

For customers to ITT the move means that many more devices approved to BS9000 will become available; because Ferranti's components are entirely made in the U.K. it has generally found the obtaining of such approvals easier than some of the other makers.

More from Electronic Services on 0279 26777.

● INSTRUMENTS

Infra-red thermometer

BELIEVED by the maker to be the only single unit infra-red thermometer manufactured outside the U.S., the Accuray instrument just unveiled by Kane-May of Welywyn Garden City weighs one kilogram and is able to measure the temperature of surfaces up to 2,000 deg. C at distances of up to 10 metres from the instrument.

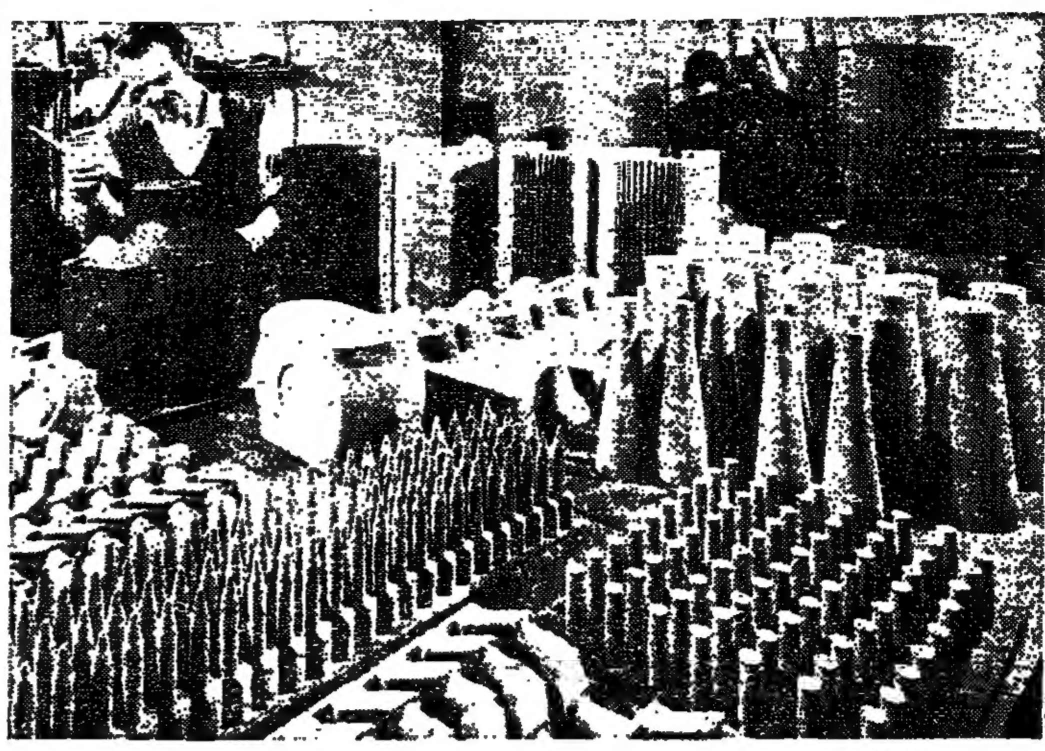
Apart from the measuring element, which consists of a large number of very small evaporated thermocouples, the instrument has been designed and is manufactured entirely in the U.K.

There are two versions, covering 0 to 1,000 deg. C and 600 to 2,000 deg. C, the latter aimed particularly at the metal producing industries. The business end is a cylinder of about 90mm diameter and 235mm long which is pointed, using the pistol grip, at the hot area. Readings appear in a second or two on a 12.5mm (½ inch) high liquid crystal display on the back. Accuracy, at 1,000 deg. C for example, is ideally to within 11 deg. Tables are provided to use in conjunction with an emissivity compensator knob.

Other facilities include the ability to remember the last reading for ten seconds after releasing the trigger, and a hold arrangement which causes only the maximum of a series of readings to be displayed, with constant updating. The instrument will also take a constantly revised average of a fluctuating target.

The company has also announced a revised range of pocket instruments for measuring temperature, pH value and rotary speed, called respectively Accutherm, Accuchem and Accurev.

More from Burrowfield, Welwyn Garden City, Herts. (07073 31051).



Sand cores required for the casting of complicated aluminium components for the electronics and instrumentation industries being prepared for use at the Sandy, Beds. foundry of RKB Precision Products. Components for EMI scanners, a naval compass stabiliser for Marconi-Elliott Avionic Systems and the Ferranti position and azimuth determining system are among the wide range now being produced.

● COMPUTERS

ModComp launches super-mini

INTRODUCED into this country from the U.S. by Modular Computer Systems are the first members of a new range of computer systems aimed at measurement and control, communications, scientific and information processing applications.

Known as the Classic family, the machines range from a low-end microprogrammable processor up to the "super mini" category. Delivery is to begin in April.

The multi-word architecture of the machines is designed so that all instructions are sized in whatever 16-big multiple is appropriate to the work being done—16, 32, 48 or 64 bits in length, and with real-time working particularly in mind. The processor can fetch up to four additional instructions while the current instruction is being processed—resulting in an effective instruction cycle time of 200 nanoseconds.

There are also 240 general purpose registers, seven map files, memory allocations in increments down to 512 bytes, and a multiple bus structure.

Extensive software includes the field-tested Max IV real-time multiprogramming operating system with several compatible high level languages. More on 04862 71471.

● HEATING

Multi-role burners

TO BE launched at HEVAC (NEC, Birmingham, April 3-7) are three dual-fuel burners developed by Vosper Thornycroft's combustion division.

Largest is a multi-role unit with outputs ranging up to 200m. Btu/hr on gas or oil. It is intended as a main load-carrying burner for water tube boilers in power stations or very large industrial boiler houses. It has light-up and flame stabilisation controls. Various jet types are available: pressure jet, spill-return pressure jet, steam or air atomised, or tip shut-off jet.

The second burner is a multi-role package unit for throughputs up to 20m. Btu/hr. It is of similar design to the largest unit. The third dual-fuel burner is for outputs up to 5m. Btu/hr., and in addition to boiler applications can be used for incinerators and air heaters.

More from the maker at Northarbour Road, Cosham, Portsmouth PO6 3TL (07018 73511).

● SERVICES

Time check centre

AN APPROVED British Calibration Service for watches, stop watches, marine and surveying chronometers is to be opened by Thomas Mercer at St. Albans.

Previously the service was carried out by the National Physical Laboratory and to provide the same facilities Mercer will use the same equipment, including a master clock synchronised by radio links with a caesium atomic clock at NPL. Timepieces will be checked to within 0.01 sec.

Most tests will be carried out to specific standards, in temperature controlled cabinets located in a similarly controlled room. Test temperatures will be between 4 deg. C and 36 deg C. Manual start-stop methods will be used for accuracies up to two seconds a day, beyond which electronic techniques will be employed in conjunction with a master digital clock.

Calibration tests will be backed up by approved reports, with certificates of accuracy where required.

More from Unit 5, Marlborough Road Trading Estate, St. Albans, Herts. (St. Albans 55313).

Industrial markets

OVER 1,200 market studies are listed in the latest publication from Industrial Aids. The 208-page directory is intended for research workers, sales managers and in fact anyone needing facts and figures about a particular industry. All the studies are available for purchase and the names and addresses of the organisations producing them are given.

Also included in the publication are general sources of information listed under six main headings: national statistics, data from governmental and non-governmental organisations, the Press, banks information on companies and libraries and similar centres.

Price of the publication in the U.K. is £23. Industrial Aids is at Terminal House, 52 Grosvenor Gardens, London SW1W 0AU. 01-730 5288.

● AGRICULTURE

Big harrow and plough

BEING SHIPPED this week are what are believed to be the three biggest agricultural implements built in the U.K. They are to be used in the Sudan.

Commissioned by Dalgety International for the Sudanese Government, they are a plough harrow which has 38 dis... is 18 feet wide; a chisel plough which has 10 tin... is 30 feet wide—it can pl... a depth of 26 inches if re... and a tool carrier mou... jumbo jet tyres for attach... chisel riper to a tractor.

The implements were b... Simba Machinery, Leasi... Sleaford, Lincs. (0529 3...

● PROCESSING

Deburring a barrel

LATEST IN the range of finishing machines from ... has a hexagonal barrel w... 20 inches across the flats ... inches wide, with a vol... 3 cubic feet.

It has a resilient, ... resistant one-piece lining, ... to the barrel. Rotating bu... duty sealed-for-life roller... ings, three speeds are av... for the barrel, which can ... to deburr and polish. Wh... hinged guard is lifted the... circuit is broken.

The maker, at 29, B... Lane, Kiln Farm Ind... Estate, Milton Keynes, ... MK11 3BU (0908 563468... also supply a range of bar... media, compounds and ... shapes, and an advisory s...

Renovating used drum...

COMBINED CLEANING ... painting plant has been ... loped for the renovatio... drums, casks and contain... to 90 gallons capacity. The... will handle up to 60 drum... on continuous operation.

Used drums pass th... external cleaning and ... stages before undergoi... pneumatic leak-detection ... the drums pass, the outs... spray painted. The drum... loaded and tested manuall... the painting can be man... automatic. The cleaning ... provides chemical wash, ... rinsing and steam cle... Travel through the unit, i... ing the drying tunnel, ... gravity-feed roller conveyo...

The maker says the pla... be used for steel, plastic ... polythene lined drums.

Details from Caldwell B... Developments, Euro W... Sands Road, Rishton, near ... burn, Lancs. (0254 885257...

CONTRACTS AND TENDERS

SEE PAGE 26—
ARAB POTASH COMPANY
Registration of Suppliers for Mechanical Work for a Potash Refining Plant

he Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

A timid approach to expansion

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e the substance of the business and its management and workforce. This required the maintenance of market shares and real profitability combined with a prudent approach to borrowing and liquidity. There was a desire, against economic uncertainty, not unduly to jeopardise the *business by major expansion*—or, in particular, by diversification—especially with borrowed money.

Many companies attached considerable importance for the future to operating in small units *as a means to management* and productive efficiency.

Except for the larger companies, the businesses were run very much from the "seat of the pants." As such, formal planning played only a small part *in steering* the business.

Self-evidently—but nevertheless *important in practice*—the greater the economic uncertainty, the more difficult medium to long term planning became, and the *greater* the scepticism as to its usefulness.

Above all, investment decisions *were mainly a question* of considering opportunities — for acquisitions that fitted into the business; investment to meet changed economic conditions: *investment to take advantage of* technological change; opportunities to capitalise on successful research; or just adapting to changes in fashion. The more "entrepreneurial" the company, the more this was true. Such opportunities could not be generally foreseen with much certainty.

Most companies saw debt/equity ("gearing") ratios as important. But very *few companies* had set formal gearing limits; and these were all self-imposed (although they tended to reflect the expectations of the market and bankers). *Of those that had* at least some pre-conceived attitudes to gearing, the limit of borrowing was typically between 40 per cent. and 60 per cent. *of total equity.* But very

GEARING

(External debt, including overdrafts and less cash *balances, as a percentage of equity.*)

	Listed Companies	Unlisted Companies	Total Sample
Over 80%	—	1	1
61%-80%	3	2	5
41%-60%	8	2	10
21%-40%	15	1	16
0%-20%	5	3	8
Net cash surplus	3	5	8
	34	14	48

RETURN ON CAPITAL EMPLOYED

(Profit before interest and taxation as a percentage of equity and external debt, including overdrafts and less cash balances.)

	Listed Companies	Unlisted Companies	Total Sample
Over 50%	1	2	3
41%-50%	2	—	2
31%-40%	2	2	4
21%-30%	16	6	22
11%-20%	13	1	14
0%-10%	—	2	2
Negative	—	1	1
	34	14	48

few saw the related ratio of interest cover as being equally important.

Two specific reasons lead many companies to be cautious about borrowing. First, those *who had suffered liquidity difficulties* during 1974-75 were now more prudent *in* their borrowings in case they were caught again in similar circumstances. Second, several family owned companies saw no incentive *to borrow to finance significant* expansion of the business: if the project was successful the profits were likely to be largely absorbed, eventually, by taxes on capital and income: while if the project failed the family equity—and the business—was put at risk.

There was a *remarkable lack* of interest generally by the *companies* concerned in this subject, particularly as seen against the other factors influencing and constraining investment.

Nearly *every company* had been able to raise, without difficulty, *bank finance* as and when required and most companies praised the support of their bankers in this sense.

There was, however, criticism that the institutions — particularly the local branch of the clearing bank — did not adequately understand industrial circumstances and finances. Although, with one exception, this *was not seen to have* actually inhibited the raising of finance, it may have had an effect on the appropriateness of the type of funds supplied.

The *availability of longer*-term finance at a low fixed interest rate might encourage some companies to invest more. But we could not find a single example of an individual investment project which had been rejected because finance for it was not forthcoming.

There was a general scepticism *of formalised techniques which* tended to be seen at most as a discipline, rather than a determinant of investment decisions. This reflects attitudes to planning generally. Rates of return on proposed investments were normally projected only for incremental projects in terms of *expansion or improved efficiency*. DCF techniques were used by a *fifth* of companies. Most others made unsophisticated — or rule of thumb — assessments of payback and/or initial accounting return on capital. But some smaller companies did not go this far.

Required rates of return were generally imprecise. They were *usually* between 20-30 per cent. on capital employed, that is, about twice the prevailing interest rate.

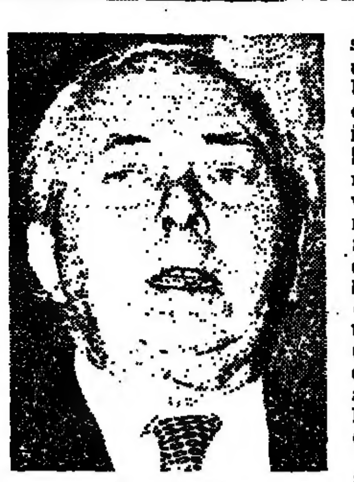
We could find no instance of *specific investment proposals* which had been rejected for lack of finance or terms or conditions imposed by lenders. The levels of interest rates were usually a *fairly* small influence on specific investment decisions against the background of the "climatic" constraints. The availability of government financial assistance had *a remarkably small* influence on specific investment *decisions*. There was *some* concern about the uncertainty surrounding the accumulation of deferred tax balances.

More generally, it seemed *obvious that greater* profitability, both as a source of *finance and* as an incentive to investment, would encourage many companies to step up their investment.

Foremost there was widespread concern about lack, or uncertainty, of demand in the U.K. *economy. The other* predominant constraints were: inflation (particularly the burden it imposed on financing replacement investment and working capital); *increasing* resistance of labour to adjust *to changes in demand* and other conditions — in the senses of both the size of the workforce (that is, employment protection) and attitudes towards productivity, particularly in a climate of pay restraint; shortage of management and *other* highly skilled labour; and lack of management *incentive*.

The overwhelming source of *finance was the clearing banks.* The vast majority of companies were generally satisfied with the support they had received from their clearers. However, there was some criticism of a lack of industrial and financial *expertise of the clearers, with* particular reference to the local branch.

The arrangements for obtaining financial assistance from *the Government were criticised* as being unduly onerous and lengthy. ECGD was generally appreciated and found useful, although there were a few *criticisms about inflexibility* and delays. ❞



Sir Harold Wilson

A history of mixed fortunes

BY TERRY DODSWORTH

The British Motor Industry, 1896-1939 by Kenneth Richardson. Macmillan Press, £8.95

FOR AN *industry* which has been so much at the centre of economic activity, motor manufacturing has attracted remarkably little academic interest. Kenneth Richardson's book does something to redress the balance. Though by no means an analytical work, it *does* a workmanlike job in outlining the roots and growth of the industry in its formative years.

The book's weakness is that it *seeks to do* little more than describe the myriad of companies in this period along with the social change they brought in their wake. It makes no *attempt* to establish a connecting theme. Yet plenty of themes are suggested, among them the tendency towards undercapitalisation in the British industry, and *the relative weakness of* the British manufacturers in comparison with their overseas competitors throughout most of this period.

The allusions to the industry's capitalisation problems, in particular, are *tantalisingly brief*. Yet Richardson shows convincingly that in the period prior to the First World War, *many* enthusiastic engineers entered the field with far too little backing. In the early 1920s Herbert Austin himself escaped from *similar problems* only by the skin of his teeth and the brilliant *development of the Austin 7*; William Morris, luckily, had more understanding bankers.

Why were all these adventurers attracted into the field? Perhaps it is all part of the process of growth, but Richardson's account of developments also *suggests that motor manufac*turing was never given quite the priority *in Britain* that it was elsewhere. In the early period of invention British engineers *were still deeply absorbed* in steam engine technology associated with the railways. Because of the U.K.'s excellent railway network, there was less in*centive to develop alternatives* than elsewhere.

In France and *Germany*, by contrast, the internal combustion engine attracted a *swarm of talented engineers* around the turn of the century, and France alone was soon producing twice as many cars as Britain — and this at the high *point of the British Empire. In* the early years of motor sport French cars and engines dominated; during the 1930s, the German and Italian dictator*ships poured money into estab*lishing their superiority on the race track.

The Continental technical education systems may also have *played a part in establishing* their *strong* motor industries. Richardson points out that Britain did not have a clearly co-ordinated system of technical education *at the turn of the* century, whereas the Germans did. But *probably* the greatest missed opportunity of the inter-war years was the failure of Austin and Morris *to* get together (there were several attempts) or to act as catalysts for bringing together the pieces of an extremely fragmented *industry*.

The early years of the industry were dubbed by one of its engineers as the period of invention: everything after 1910 *fell within the era of elimina*tion. Engineering ideas were either refined or fell by the wayside, and by the 1930s many of the smaller groups were folding *up or losing their independence.* Yet this process of rationalisa*tion failed* to produce the smaller group of stronger companies which for example, had *emerged from a similar era* when General Motors was establising itself in the U.S. Even in export markets U.K. companies, which should have been aware *of these issues because of their* history of Imperial trading, were criticised for making vehicles which were not durable enough.

It is arguable that this insularity *may have been fostered* by the high degree of protectionism afforded the industry following the imposition of the McKenna duties in 1915. These were brought in, quite legitimately, to protect the industry during the years when its production was going into the war effort and the U.S. manufacturers were taking the opportunity to drive a wedge further into the market. But they stayed on, with one brief aberration during Philip Snowden's Chancellorship in the 1920s, and must have sheltered the British producers from their stronger *competitors on the Continent.* Morris made one brief foray into France, establishing a factory which failed. But that was the end of his head-on attack on the rest of Europe.

Apart from these economic issues, Richardson spotlights *such* points as Messrs. Ford, Morris and Austin all being from farming stock and showing, like many farmers, intuitive engineering ability and total *single-mindedness in their trade.* He shows how a few cars had a *lasting impact on the industry* — the Austin 7, for example, which Austin, then in his 50s, designed in his billiard room in the face of opposition from all *his fellow directors, pulling the* company back out of the hands of the receiver.

Richardson also shows how so many *of the things we now take* for granted on the motoring scene came into *existence* — from motor sport, hire purchase and petrol, to road improvements, driving instruction and vehicle distribution. He even manages one section on the motoring Press — without a word of criticism.

)NTRACTS AND TENDERS

REPUBLIC OF NIGER
MINISTRY OF PUBLIC WORKS
.ANSPORT AND TOWN PLANNING
OFFICE OF PUBLIC WORKS
AND TOWN PLANNING

NOTICE OF TENDER

ign and Construction of a shed for two Boeing 737 raft at the Niamey Air Terminal in the Republic of *Niger*

PRE-SELECTION OF TENDERERS

Ministry of Public Works, Transport and Town nning of Niger, Office of Public Works and Town nning, is calling for tenders for the design and struction of a single shed with a metal frame, ended to house two Boeing 737 aircraft at the mey *air terminal*.

plications may be filed by firms with professional, hnical and financial references judged adequate by Public Works Administration. Applications shall lude:

—the firms references (technical, professional and bank references);
—the firms proposal (price list in CFA francs, cost estimate);
—a model of the conditions of contract;
—the technical specifications;
—a description and justificative memorandum, showing detailed calculations;
—architectural drawings;
—engineering drawings and detailed drawings.

ne documents shall be in the French language.

he applicable norms shall be the CM 66 (CM: aximum load) norms, the modified CCBA 68 CCBA: Specifications for reinforced concrete), the rench Conditions of Contract, and the norms of the nternational Standardisation Organisation.

he applicable CCAG (CCAG: General Adminisrative Clauses) is the French CCAG of March 17, 970.

pplications should be sent to: Direction des Travaux ublics et de l'Urbanisme, BP 235, Niamey (Niger), nd be received at the latest by April 6, 1978, at 17.00.

he costs of site visits shall be borne by the applicant.

inancing of the project is assured by the Fonds National d'Investissement (National Investment Fund).

The requested structure shall be 63 metres long, and 5S metres wide, with a door clearance of 15.85 metres.

Niamey
The Director of Public Works
and Town Planning
Signed: L. BARAOU

ANNOUNCEMENT

Republicka Samoupravna Interesna Zajednica Za Puteve Beograd

Has applied for a loan from IBRD and intends to apply the proceedings of this loan to the reconstruction of a 22 km. *section of route E-5 in* Serbia to four lane divided limited access highway and also the construction of the south bypass *of Nis as a two lane road of 8,3 km.* in length.

Construction includes *approximately:*
1.900.000 m³ earthworks
234.000 tons asphalt paving, and
2.601 metres bridging

Contractors from member countries of the World Bank and Switzerland interested in prequalifying for these works are invited to submit their applications to the investor not *later than one month from the* date of publication of this announcement. Applications should be supported by reference details *of relevant experience on similar works. Details of staff* and equipment documents will be available March 1, 1978.

Only those contractors who have been prequalified will be invited *to submit bids.*

Address for submission of prequalification data is:
REPUBLICKA SAMOUPRAVNA INTERESNA ZAJEDNICA ZA PUTEVE, BULEVAR REVOLUCIJE 282, BEOGRAD JUGOSLAVIJA

GHANA SUPPLY COMMISSION TENDER

Insecticides for Farmers Services Company (U.R.) Limited, Ghana

Ghana Supply Commission invites tenders from U.K. manufacturers and suppliers for the supply of any of the under-listed insecticides.

1. AMBUSH (Permethrin 50 g./litre)
2. MONOCRON + DDT (Monocrotophos + DDT 100 g. *and 300 g. per litre respectively*)
3. NUVACRON COMBI A 400 (Monocrotophos + DDT 150 g. *and 250 g. per litre respectively*)
4. NUVACRON COMBI C 500 (Monocrotophos + DDT 100 g. and 400 g. per litre respectively)
5. SUPRACIDE COMBI or ULTRACIDE COMBI (Methidalthion + DDT 150 g. and 250 g. per litre respectively)
6. THIODAN + HOSTATHION (Endosulfan + Trazophos 200 g. and 50 g. per litre respectively)
7. DECIS (5 g. per litre)

Interested British manufacturers, suppliers, etc., can obtain tender documents for a non-refundable fee of £50.00 from the Purchasing Liaison Officer, Ghana Supply Commission, 58-59 Berners Street, London W1P 3AF, England.

Duly completed tenders *should* be addressed to the Managing Director, Ghana Supply Commission, P.O. Box M.35, Accra, or deposited in the Commission's Tender Box *not later* than 3.00 p.m. on 31st March, 1978.

LOMBARD

The case for a July Budget

BY PETER RIDDELL

ONE OF Mr. Healey's main priorities in deciding the balance of his April 11 Budget should be to avoid prejudicing his July package. No, this is not some bizarre leak—that will come in late May—but merely the recognition of an inevitability. There have been July mini-budgets for several years and 1978 will probably be no different, and should not be.

The convention that there is only an annual spring Budget is looking rather tattered. This is principally because of the frequency of major economic statements—more than three a year on average so far in the Healey era. There is also an increased recognition that fiscal policy needs to be considered more broadly and regularly.

Razzmatazz

Some of the special aura of Budget day persists, though most of the razzmatazz has disappeared since the days of the late Sir Gerald Nabarro. The spring Budget also remains the main time for announcing changes in the tax structure though, as Sir Geoffrey Howe has suggested, tax management could be considered separately from fiscal policy.

There is no reason why the spring Budget should be any different in terms of fiscal policy from the late summer or autumn statements. There is normally considerable uncertainty not only about where the economy is going but also what the current position is. So it is perfectly sensible to make policy corrections during the year, even in order to maintain the same fiscal stance. This is apart from packages enforced by market pressures, as in 1976.

A policy of step-by-step adjustment is anyway in line with Mr. Healey's cautious instincts and this is also the right policy now. The outlines of the present position are clear—the slow growth of world trade and the rise in sterling threaten exports prospects while buoyant consumer spending and a possible rise in import penetration may lead to a rapid rise in purchases from abroad.

So the prospect of years of current account surplus created by North Sea oil sustaining the growth of the domestic economy now appears as a mirage according to the more pessimistic Whitehall views. Although there are more optimistic projections around, the balance of payments has re-emerged all too quickly as a constraint on the size of any Budget stimulus.

This has created a bitter dilemma for the Government. Even at a time of high North Sea production it may not be possible to boost the growth rate sufficiently to ensure a sustained reduction in unemployment without pushing the current account back into deficit. No wonder the Prime Minister is so concerned about protectionism.

There are, of course, considerable uncertainties. The exact impact of the exchange rate on exports is far from clear, while, as Sir Douglas Wass noted in his recent Cambridge lecture, the judgments involved in the Treasury forecasts on import penetration rest on a slender empirical base. Another major uncertainty concerns the savings ratio. It is impossible to say with any certainty how consumers will react to the combination of a sharp rise in real incomes and a fall in the inflation rate. But even a small error in the forecast can make a large difference to the level of consumer spending and imports.

These factors should all reinforce Mr. Healey's caution. It would be a major error to take a risk with the current account and financial markets. A policy which consciously or otherwise resulted in an external deficit could lead to the instabilities and pressures so familiar from only two years ago.

Climate

A current account surplus, even just a small one, should remain a central policy aim, not just to offset repayments of overseas official borrowings but more generally to ensure the right climate for the large scale debt refinancing needed in the next few years. Similarly, a domestic stimulus which threatened control over the growth of the money supply could lead to a market reaction involving a sharp rise in interest rates, including the politically sensitive mortgage rate.

There is plenty of scepticism in Whitehall about the monetarist case—taking salt with his Pepper as Mr. Healey expresses it—but the need to maintain market confidence is recognised. So Mr. Healey would be right to be cautious in his April Budget but he should say then that he intends to make another economic statement, with new forecasts, in July, though without any of the specific links to a new round of pay policy of the last two years. This would allow him to give another boost then if the constraints appear less severe, which would be both politically expedient and economically right.

THE WEEK IN THE COURTS

MPs to debate law

BY JUSTINIAN

BOTH Houses of Parliament are debating next week what politicians (and others) call law and order, a half-baked phrase that conceals what a host of intricate questions one is dealing with when considering the rate of crime and society's appropriate responses for control.

The Commons' motion barely conceals the true debate by calling for a reduction in the Home Secretary's salary—the traditional way of debating Home Office responsibilities. Since Mr. William Whitelaw, shadow Home Secretary, is opening the debate and the Home Secretary is replying, the different approaches of the two political parties should be disclosed. In the Lords, the debate on Wednesday is more explicit.

Lord O'Hagan, a progressive Conservative, is considering the twin problems of the weakening of respect for authority and the need to reassert the primacy of law. In essence, the initiators of the two debates are capitalising on the supposed public mood that is vehemently clamouring for more stringent measures to stem rising crime.

Such a mood would be reminiscent of the undignified panic that excited the public more than a century ago.

The parallel between recent muggings and the garrottings of the early 1860s should not be lost on the debators. Garrotting was the name given to attempts to choke or strangle the victim of a robbery.

There had been an outbreak of robbery with violence in London in late 1862, and in some cases the violence took the form of garrotting. The outbreak caused great alarm, quite out of proportion to the volume of crime.

It led, contrary to the advice of the then Home Secretary, to the Security from Violence Act of 1863, which provided stiffer prison sentences and whipping for youngsters and adults. The Home Secretary called it "panic legislation after the panic had subsided," the garrottings having died out before any judicial corporal punishment could be administered.

If anyone thinks that that philosophy is absent from the more restrained, contemporary utterances of responsible politicians, it is not. No less a sensible and humane politician than Mr. Whitelaw recently aired the need to reintroduce the "short, sharp shock" into our penal system, particularly for the adolescent delinquent.

That Gilbertian phrase was echoed by other Conservative Ministers when the Criminal Law Act of last year was introduced bringing the partially suspended sentence into the system. Ten years ago, the Home Secretary's Advisory Council on the Penal System noted that detention centres had long been forced to abandon the concept as being unattainable in practice by any humane prison service staff, and that in any event the idea of a brisk, military-like regime for young offenders was inappropriate to those returning to life in our industrialised communities.

Others use a more sophisticated argument that an overall toughening of governmental attitude to crime at every level is needed.

The police should be given wider powers, be paid more and traditional liberties of the accused should be restricted.

They also believe that the country is rampant with criminals on an unprecedented scale and see offenders as enemies of a stable society.

Psychology

That wise, anglophile American judge, Mr. Justice Frankfurter, wrote a quarter of a century ago that "loose talk about war against crime too easily infuses the administration of justice with the psychology and morals of war.

"It is hardly conducive to the soundest employment of the judicial process."

That goes for the whole administration of the criminal justice system. Crime is endemic in any society. As an inevitable part of the social scene, it needs to be viewed not as an activity apart from ordinary living, but as an offshoot of social and personal relationships that need to be controlled.

A dispassionate approach to crime and punishment leads one to some cautious, even tentative, conclusions. Crime is an abstraction concealing the public's concern for certain crimes. Violence against the person is rightly considered the most socially disruptive behaviour that should attract some control.

Yet the rate of increase over the last few years has been less marked among offences against the person than for crimes against property. And, even among the offences of violence, the increase is almost entirely among the less serious woundings than among the murders and manslaughters. Such simple facts put the problem into some kind of perspective.

Crime is a young man's game. Two-thirds of the prison population is under 27. Many youngsters in detention centres and Borstals are the failures of our educational system.

Research into the treatment of offenders indicates that we are unlikely to resolve delinquency by punitive reactions; we would do better to marshall all our resources within the community rather than resort to new institutions for offenders.

Politicians make law and order an electoral issue at their peril. Government should adopt a rational approach free from polarised views and the desire to score political points.

An ordered society that believes in the impartiality of the law should not be deflected by those seeking to blur the distinction. Order is a matter for the executive through the law enforcement agencies. The law is administered by the courts in adjudicating between the individual and the State. One hopes that the law will lead to good order, but it does not necessarily have that effect.

Law and order jumbles up two disparate concepts in a half-articulated phrase that serves only to arouse, or feed, the fears of the public, out of which an unhealthy effervescence ensues that rarely produces rational solutions.

Ford items fetch £1m.

SALEROOM

BY ANTONY THORNCROFT

FRENCH furniture and works of art which belonged to Henry Ford II were sold on Saturday for £1.88m. at Sotheby Parke Bernet, New York. Only three of the 102 lots were unsold. The highest price was the £100,515 paid for a Louis XV secretaire à abattant which is attributed to Bernard van Risenburgh.

Other high prices were the £54,124 for a pair of Louis XV ormolu-mounted lacquer encoignures; £51,546 for a Swiss gold and enamel singing bird box of about 1800; £46,392 for a pair of Chinese vases in Louis XV mounts; and £42,268 for a Louis XV bureau plat, attributed to Joseph Baumhauer. In 1967, Sotheby's sold the same item for £2,021, but then it had no attribution.

An art nouveau and art deco sale organised by Christie's in New York on Saturday totalled £195,349. The top price was the £9,025 paid for a yellow rose hanging lamp from the Tiffany Studios. A Thomas Webb cameo glass vase, attributed to the Woodall team, made £7,333 and a table lamp by Tiffany realised £5,358.

On Friday, Christie's sold Chinese works of art for £83,707, with a Ming enamel incense burner, which came from Paul Getty's estate, making the highest price of £9,589.

Moseley misses give Bristol victory

RUGBY

BY PETER ROBBINS

BRISTOL caused a major upset by beating the widely fancied Moseley team 14—0 in the John Player Cup on Saturday. The victory was as decisive as it was deserved. Considering the change of weather the ground was in excellent condition but turning was difficult and the ball was greasy.

It was a day for safe handling, accurate kicking and quick arrival at any breakdown. Bristol fulfilled all three criteria: Moseley only the last.

Initially, Moseley moved the ball fluently but they soon met some unshakeable defence from Rafter and the centres Hunt and Kelly. More ominously, Meanwell dropped two high kicks which destroyed his confidence for the rest of the game. He quickly had a clearance charged down by Lane who scored after 12 minutes. Still Moseley even then looked confident and ran the ball from anywhere. Just ten minutes before half-time, Pomphery, Bristol's burly second-row man burst away and Hunt put in a delicate grub kick. Thanks to some delicate footwork Lane scored his second try giving Bristol a half time lead of 8—0.

Meanwell missed a moderately easy penalty but then more mistakes came from Moseley with Beddoes knocking on and Swain kicking away the ball in Bristol's 25.

Jevons the young No. eight tried to find a way through on the blind side but perhaps overdid this but even so at half time Moseley were well in the game if a little put out by the determination of the Bristol tackling.

Pearn, the Bristol scrum-half left the field just after half time and his replacement Kousaris gave a quicker service to Sorrell. This meant the fly-half could dominate the game tactically. Kousaris also put in some good grub kicks, something Moseley did not have.

Even after a quarter of the second half the Moseley pack were not winning enough possession for their three-quarters. Sadly, Moseley's mistakes b[egan] to multiply and the unfort[unate] Meanwell knocked on twic[e in] succession to spoil val[uable] movements. Bristol's pack sensed a supremacy which [was] translated into a reality the Troughton at the line-out the efforts of Pomphrey, R[...] and Gorvett.

The feature of the game the way Sorrell attacked Mo[seley] at the extremities bec[ause] Lukasclewicz looked very s[...] and Beddoes for all his fi[...] still obliged to counter [...] deep in his own half. All Br[istol] had to do was to wait for [Mose]ley to drop it, pass it forwa[rd or] get picked off by an [...] defence.

A measure of Bristol's superiority was their third [try] by Pomphrey. He took a [...] down and swept unimp[eded] through some feeble [...] for Hignell to convert.

Moseley made the mis[takes] and Bristol capitalised on t[hem] to an unusual degree. Co[...] made some scintillating da[shes] for Moseley and kicked well [but] he was a lone figure [in a] wilderness of error.

Second Test tilts to England

CRICKET

BY HENRY CALTHORPE

Christchurch, Feb. 26

THE SECOND Test match between England and New Zealand at Lancaster Park is tilting towards England, but a great deal remains to be done if they are to win and draw level in the series.

When bad light stopped play 75 minutes early, New Zealand were 122 for four in reply to England's 418, needing 97 more runs to save the follow-on.

Boycott continued England's innings for ten minutes into the third day. While a total of 418 is an unaccustomed luxury these days, I feel that England would have been better placed if he had declared the innings an hour before the close on Saturday.

When Edmonds was ninth out at 375, an hour's play remained on Saturday, and if Boycott had declared the innings then, he would have had 50 minutes' bowling at a side which had spent two days in the field and were obviously tired.

England might easily have taken two or three wickets before the end and there would still have been some shine in the ball for this morning.

As it was, Miller and Willis scored 19 in the final 60 minutes' play, then in 11 balls to-day, Miller hit 24 runs.

Ian Botham came in on the first day when the England innings was in considerable disarray at 127 for 4 and Miller had retired hurt. He batted with great sense and a new-found maturity from his very first ball. He had an ideal partner in Bob Taylor.

When Botham had reached his first 50 in a test, he began to play some reckless strokes without making contact. Later, when he was 89, Botham's inexperience caused him to run out Taylor who, himself was five runs away from his first test 50.

There was also a brilliant innings of 50 from Edmonds which came in only 70 minutes. It contained some of the best strokes of the match. Anyone who can bat as well as that should not score many less than 1,000 a year in English first-class cricket.

Miller drove the first four balls of Collinge's first over this morning for fours, then drove [...] into mid-on's hands. Anderson and Wright [...] trasting players, began [New] Zealand's innings.

Anderson had 38 [...] 37 runs and played [a] glorious back-foot [...] when Wright obligingly [...] Edmonds' second ball [...] full-toss back to him.

Howarth did not stay long with the score 82, he could [...] fend a lifter from Willis [...] his glove to short leg.

Anderson had reached 62 [when] he was bowled sweeping [a] ball from Edmonds which [...] in the rough, just flicking leg stump. He waited for [the] umpire's decision, thinking [it] might have come off Tay[lor's] pads. As the TV replay sho[wed] it did not.

Congdon began to bat [...] well and he played some [...] cuts off Old. But just before [the] light became too bad he [...] defensively from the crease [to] one from Botham which kept [low] and was given out lbw, altho[ugh] he almost certainly got his [bat] to the ball.

The bounce is still uneven, [but] it is a much easier pitch [...] than on the first day. If [New] Zealand bat sensibly, they sh[ould] be able to save this one.

West Ham plug away and dodge defeat

SOCCER

BY TREVOR BAILEY

AT HALF-TIME West Ham were losing only 2—0 to Arsenal, mainly through the courtesy of Stapleton and Sunderland, who both squandered simple chances.

Everything suggested they were heading for a substantial defeat and another deserved step toward relegation, because after a reasonable start they had simply disintegrated.

The Arsenal defence, with little if anything to worry about, apart from one shot from Devonshire, repeatedly caught not one, but three opposing players in its offside trap. In midfield Brady wove his magic, while Macdonald not only scored two goals, but led his forwards with the dash and skill of his best days with Newcastle.

After the interval it was a very different story. The Hammers kept plugging away, with Brooking their main source of inspiration, and were eventually rewarded by a goal from Taylor.

In the dying seconds Cross, who until then had tried hard but achieved little, put the ball in the net from a free kick, which gave them a much-needed point that their overall performance scarcely warranted.

The West Ham midfield trio, Brooking left, Curbishley centre, Devonshire right, all displayed ability and considerable industry.

Their front line lacked penetration and their rearguard, though Green firmly shackled a rather disappointing Stapleton, often creaked.

As usual, Trevor Brooking was outstanding. He destroyed his opposite number Price, and it was not unusual in the second half to find three Arsenal defenders trying to stop his powerful dribbles, which created numerous problems his colleagues failed to exploit fully.

At Upton Park Trevor was far more effective than against West Germany in Munich earlier in the week, when after a promising start he rather faded from the picture.

The reason he is seldom as impressive in internationals as in league football could well be the role he has to adopt for West Ham, where his strong running with the ball provides their biggest threat to opposing sides.

He is unquestionably a very fine player, with outstanding control, considerable vision, two good feet, dangerous in the air, and with strength to retain possession when tackled.

Triumph raises Cardiff's morale

CARDIFF IS a depressed soc[cer] city. Turn left out of the Cen[tral] Station, over the River T[aff] swirling black as sin, past do[zen] after dozen of bricked-up c[on]demned terrace houses, p[ast] empty shops and industrial e[ye]sores, and one reaches Nin[ian] Park. Inside the ground are v[ast] roped-off areas devoid of peo[ple].

The Grangetown end [is] deserted, its corrugated r[oof] broken in thousands of fr[ag]ments lying on the terraci[ng]. The steel supports stand b[are] mighty, purposeless, Mecc[ano] awaiting dismantling. The saf[ety] officer has called—and he [...] has condemned.

Capacity is restricted to 23,[...] —and how Cardiff City wish they could hit that figure oc[ca]sionally! The club has an ov[er]draft of about £1m and oth[er] debts said to approach six figur[es]. Not to mention the cost of building the ground to new saf[ety] standards—and to regain int[er]national football.

On Saturday, the shareholde[rs] had a bitter two-hour meeti[ng] before the game and the cha[ir]man who started the seas[on] issued a writ for libel agai[nst] the man who took over from h[im] in November.

Let it be recorded, therefo[re] that Cardiff City's team—eve[ry] man jack of them available f[or] sale at a suitable price—did the supporters, shareholders a[nd] manager, who has just volu[n]teered a £1,000-a-year salary c[ut] tremendously proud by beati[ng] promotion possibles, Blackpo[ol] 2-1.

Spirited

Struggling against relegatio[n] which could prove a last-stra[w] death blow, Cardiff desperatel[y] needed that win. In the past tw[o] week, they have eased their ca[sh] problems by selling Sayer [to] Brighton for £100,000, and Ro[bin]son to Norwich for £25,000.

Their spirited showing again[st] classier Blackpool shopwindowe[d] some talent that could attra[ct] other clubs.

Demon-tackling right bac[k] Dwyer could plug a gap in an[y] a First Division defence; the trunk-thighed Went scored h[is] fourth goal in four games [as] centre forward and, having give[n] stalwart service to several club[s] looks good for plenty more; an[d] right-winger Grapes has certain[ly] matured since his Norwich da[ys] and shot a beautiful 87th-minu[te] winner.

Blackpool, too, are a clu[b] renowned for selling the[ir] tangerine-shirted talent to th[e] highest bidders. The whisper [is] that they do not consider £1[...] enough to lure away tall defende[r] Hart and striker Walsh.

JAMES FRENC[H]

Fort Devon's Gold Cup odds are down to 5-2

RACING

BY DOMINIC WIGAN

MIDNIGHT COURT and FORT DEVON, appeal to me as possible Gold Cup winners this year.

The first-named, an inexperienced seven-year-old, has improved dramatically in the last 12 months and trainer Fred Winter is more than hopeful that the crown will soon be his.

Midnight Court will take his chance at Newbury on Saturday in the Morgan Grenfell prize.

The seven lengths SGB chase winner will need to be back to near his best, after a 10 weeks absence from the racecourse, if he is to prove capable of giving away plenty of weight to Grangewood Girl and True Wish.

His Cheltenham opponent, Fort Devon, who is five years older, is trained at Fulke Walwyn's Saxon House establishment and showed just how difficult he is going to be to beat on March 16 when landing Saturday's Yellow Pages chase at Kempton.

As with Midnight Court's SGB performance, the result of the Yellow Pages was a foregone conclusion.

Bowling along at the head of the field, Fort Devon only had to be shaken up to put six lengths between himself and Parkhouse, who was in receipt of two stones.

I feel certain that no three-miles chaser in the country (with the possible exception of Midnight Court) would have proved capable of giving the talented runner-up that amount of weight in such holding conditions and it is hardly surprising to find the leading bookmakers quoting Fort Devon as short as 5-2 for the top Festival prize.

My inclination would be to stick with Midnight Court on firm or good ground and opt with reasonable confidence for his neighbour should the going come up soft or heavy.

DONCASTER

2.00—Kelloe Brig
2.30—Criticism
3.00—The Tista***
3.30—Gummers How**
4.00—Sea Heather
4.30—Gintop*

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40 a.m. Open University. 9.38 For Schools, Colleges. 10.45 You and Me. 11.22 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Bod. 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Hunter's Gold. 5.05 John Craven's Newsround. 5.10 Blue Peter.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 Ask The Family.
7.15 Blake's Seven.
8.10 Panorama (the problems caused by senile dementia).
9.00 News.
9.25 Robert Redford in "The Candidate."
11.10 To-night.
11.50 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Pili Pala. 5.55-6.20 Wales To-day. 6.50-7.15 Heddiw. 9.25 Ryan Ar 'ben ei Hun. 9.55-11.10 "1938," by Saunders Lewis. 11.50 News and Weather for Wales.

Scotland—10.00-10.20 a.m. For Schools (Around Scotland). 5.55-6.20 p.m. Reporting Scotland. 11.10 Public Account. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 a.m. Open University.
11.00 Play School (as BBC 1 3.55 p.m.).
3.00 p.m. Wordpower.
3.30 Children Growing Up.
4.00 Parents and School.
4.55-5.20 and 5.45-7.00 Open University.
7.00 News on 2 Headlines.
7.05 Children's Wardrobe.
7.30 Newsday.
8.10 Drama 2.
9.00 Harry Secombe's World of Music.
9.50 Americans.
10.40 Just a Nimmo.
11.10 Open Door.
11.35 Late News on 2.
11.45 Tele Journal.

LONDON

9.30 a.m. Schools Programmes. 12.00 Noddy. 12.10 p.m. Daisy, Daisy. 12.30 Indoor League. 1.00 News, plus FT index. 1.20 Help! 1.30 About Britain. 2.00 After Noon. †2.25 Monday Matinee: "One Way Street," starring James Mason. 3.50 Couples. 4.20 Clapperboard 4.45 Warrior Queen. 5.15 Survival.
5.45 News.
6.00 Thames at 6.
6.40 Help!
6.45 Opportunity Knocks.
7.30 Coronation Street.
8.00 A Sharp Intake of Breath.
8.30 World in Action.
9.00 Hazell.
10.00 News.
10.30 The Big Film: "The Way West," starring Kirk Douglas, Robert Mitchum and Richard Widmark.
12.45 a.m. Close: Frances Cornford's poems read by Ursula Hanray.

All IBA regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 2.25 Family. 3.20 The Entertainers. 5.15 University Challenge. 6.00 About Anglia. 10.30 Just Friends—jazz singer Marian Montgomery and composer and pianist Richard Rodney Bennett rehearsing and at the Aldeburgh Festival. 11.30 Fireside Theatre. 12.25 a.m. Reflection.

ATV

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

... Deborah Kerr, Michael Redgrave and Peter Wyngarde.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.25 Hamdden. 6.20-6.22 Y Dydd. 8.35-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.22-6.45 Report West.

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Dave Lee Travis including 5.30 Newsbeat. 7.00 BBC Northern Radio Orchestra (S) (joins Radio 2). 10.02 John Peel (S). 12.00-12.06 a.m. As Radio 2.

VHF Radios 1 and 2: 6.00 a.m. With Radio 2 ...

RADIO 2 1,500m and VHF

RADIO 4 434m, 330m, 285m and VHF

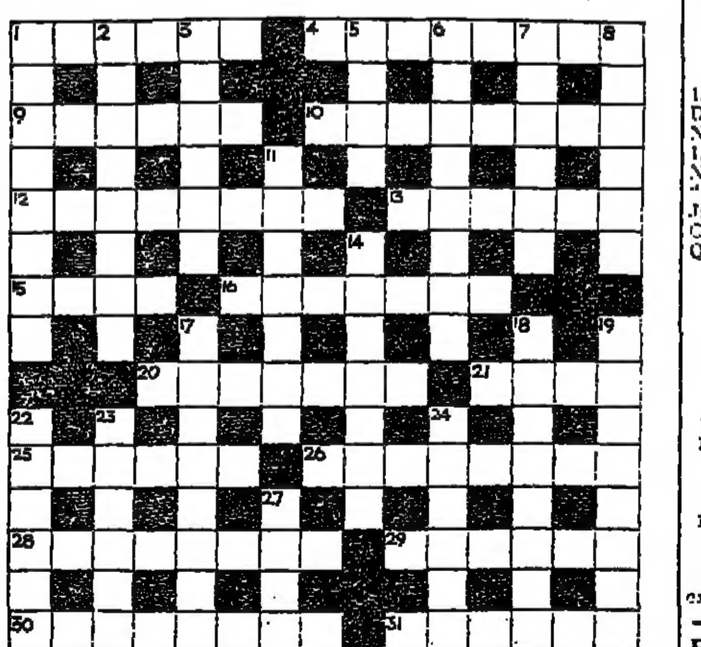
RADIO 3 464m, Stereo & VHF

BBC Radio London 206m and 94.9 VHF

London Broadcasting 261m and 97.3 VHF

Capital Radio 194m and 95.8 VHF

F.T. CROSSWORD PUZZLE No. 3,604



ACROSS

1 Sarcastically censures relations who come after tea has started (6)
4 Pre-decimalisation value of the coloured view (8)
9 Mixed gin, sir? Coming up (6)
10 The wrong river for a slow mover (8)
12 A blonde WPC makes an arrest (1, 4, 3)
13 "Then lend the eye a terrible ——" (Henry V) (6)
15 The fruit sounds offensive to the sight (4)
16 Timely supporters (7)
20 Proverbially more valuable than speech (7)
21 In which we see an oriental dress aright (4)
25 Have a penchant for a worker in The Lion (4, 2)
26 An exploit indeed, but not victorious (8)
28 No crying over the young hooligan (8)
29 Antelope gives the devil of a start to the French girl (6)
30 A bird is a handicap to a communist (8)
31 Emphasis that is very French aboard (6)

DOWN

1 It's hell if the two naval types find us (8)
2 Let us ban reformation that is insecure (8)
3 Doctor gets among the fish in Arctic wastes (6)
5 There is still danger if you're not out of it (4)
6 Renounce place on a team (3, 5)
7 Caliban's isle was full of them (6)
8 Stands up before the little courts (6)
11 Screened—and so was the wagon (7)
14 Tried to borrow money—must be slightly mad (7)
17 Absent-minded characteristic of Diana (8)
18 Cato had to be reminded daily that it had to be destroyed (8)
19 "We are turned round and round in this world like yonder ——" (Melville) (8)
22 Not a classic performer of course (6)
23 Gratitude gets the poet a tunic (6)
24 Solitary crustacean (6)
27 A fish for Henry's wife (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

…ham Playhouse

…e Shadow of a Gunman

by B. A. YOUNG

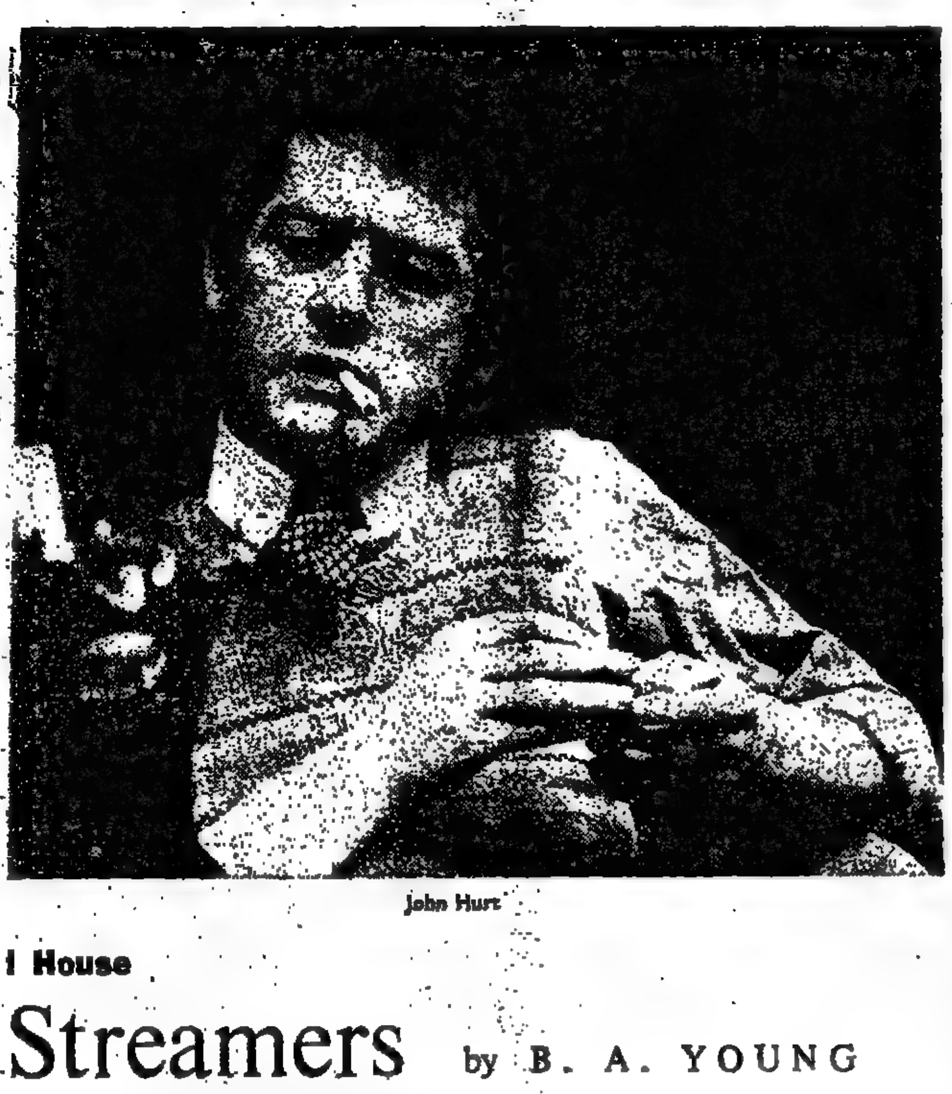
…d say that O'Casey's …as little more than …, with its tale of the …oet Donal Davoren …ages the rumour that …unman on the run …impress Minnie the … next room. But it …ecdote loaded with …avour, and there is …ht-hearted about the …vents that leads to …g shot by the Black …

…kenzie's production at … declines to under… …olitical import of it …re a Greek tragedy. …es underline them… …blin in 1920 cannot … very different from … 1978, save that the … more popularly en… The story is played …as can be; it is proto… comedy.

…rt may leave some… desired as a Dubliner; tapping out his verse …ypewriter or crooning …e, he does not. In the …e has to present his character in terms of reaction to other people's approaches; it is Minnie who awards him the saintly gunman's aura, Tommy Owens with his careless boy's chat about the Republic, Mrs. Henderson and Mr. Gallacher with their belief in his ability to get the IRA to keep their neighbours quiet, who fix it firmly in place. Donal merely lets it happen to him, and it chances that this is one of the things that Mr. Hurt can do supremely well. He could signal the entire contents of Hamlet's "To be or not to be" soliloquy, sipping a glass of beer.

The two characters nearest to him, Seumas Sheilds and Minnie, are also very well played, and they establish the Dublin feeling solidly around him. Ken Hutchison is the hawker Sheilds, the archetypal Irishman, packed with intentions but lacking the energy to fulfil them, and as subject to pagan superstitions as to Catholic faith. As Minnie, Ann Hasson, sweet in her lace-collared dress designed by Andrew Sanders, looks on Donal with the touching admiration that no doubt her grand-daughter would have bestowed later on Georgie Best.

Even in the scenes of the Black and Tan raid with their ironically tragic result, Mr. Mackenzie keeps the feeling clear of melodrama. The drunken Orangeman Grigson, singing and dancing his Protestant way through the disasters while his pathetic wife waits up for him in her dressing-gown, these are decoration only, though Malcolm Terriss and Lorraine Peters etch them clearly enough. Only the scene with the Cockney Auxiliary (Arthur Kohn), as gun-happy as any IRA volunteer and the breath-holding moment which follows, when Minnie's fate hangs in the balance, are allowed a real stab of dramatic pain. Pain of another kind endures afterwards as Donal, brokenly reciting his favourite line of verse, realises for the first time that the world knows a more concrete suffering than Shelley ever imagined.



John Hurt

…l House

Streamers

by B. A. YOUNG

…s the middle of three …hich David Rabe based …wo years' service in the …my Sticks and Bones, …I reviewed here last …s the third. They throw …edit on the U.S. Army, …ood deal on the con…ry U.S theatre.

…ers is set in a transit …here young soldiers are … posting, perhaps to …, perhaps to somewhere …ve. It illustrates vividly …e contrast between the …ns and ourselves, that … look back at life in the … It leads to fun (Privates …de, Worms Eye View, It …alf Hot Mum), but when …ericans do, they can think …ing but suffering. Here …in at once with a young … who has slashed his …crying: "I can't stand … he is taken away to hos… Later on two men die …nife-wounds. Yet the men …ve cracked up have seen … but their basic training …mers is however hardly … Army life at all. It is … the pressures on "single … barracks" that Kipling …about, and which existed …ons monasteries schools, …before that. Some men crack up. They are the streamers, a slang term for parachutes that fail to open.

Life in the U.S. Army is clearly easier than in ours. There are only three privates in the room where the action takes place, and they are allowed to bring beer, wine and spirits to their beds. Sergeants wander casually in and reminisce about the horrors of Vietnam. Richie (James Aubrey), who is gay, is cheerfully accepted by his comrades despite his appropriately camp behaviour. Leisure seems to be eternal. This happy way of life is expounded in the first act with little advancement of the plot; it is like a dramatised version of the Beetle Bailey comic strip.

But disaster builds up when Richie allows Carlyle, a dim, slow black from another barrack-room, to show gratitude for a small service in too affectionate a manner. From this point on the play goes into a crescendo of immensely skilful writing, reaching a climax when Carlyle sticks a knife into Richie's astonished comrade Billy, yet not relaxing even then until another soldier has been stabbed and Carlyle removed in handcuffs, struggling between two military policemen. Under Leslie Lawton's direction, the company play this scene superbly, as indeed they have played all the evening.

As Richie, James Aubrey gives a fascinating display of deceptive casualness, his timing absolutely faultless. Don Warrington plays Carlyle and manages to express the need for sympathy in that unhappy young man's boorish behaviour. Trevor Jones as Billy dies a most horrible death, unable to believe what is happening to him as blood gushes first from his stomach then from his mouth.

When the violence is over, David Rabe has added a kind of coda where a lone-service sergeant, as drunk as sergeants always are in this play, comes in and talks about the heartless violence in both his private and his service amusements. This episode adds an artificial symmetry to the shape of the play, but it is a terrible anticlimax, though Glyn Jones (who ends by singing "Beautiful streamer" in Vietnamese) does all he can for it. If it is supposed to link the barrack-room tension with the horrors of active service, I can only say that for me it only mutes the vividness of what has gone before.

Bath Festival

…e will be 29 musical events … ten days of the Bath Fes… (May 19 to June 2) whose …l features are works by …ll, Schubert, Janacek and …aen. All four composers … anniversaries this year. … by Mozart will also occupy …portant place in this year's …al, the fourth under the …e direction of Sir William … …hard Hickox returns to conduct the opening concert in Bath Abbey where Masses by Handel and Schubert will be performed by the Richard Hickox Orchestra and St. Margaret's Singers. The recently formed Rye Spring Opera will visit for the first time with new productions of Mozart's The Impresario and Pergolesi's La Serva Padrona. Ballet Rambert, the Monteverdi Choir and Orchestra, Lindsay String Quartet and the Beaux Arts Trio will be in the programme.

Modern music includes the world premiere of Robin Holloway's Hymn for Voices performed by the John Alldis Choir; other 20th-century pieces are string quartets by Ligeti and Webern, music for horn and piano by McCabe and Musgrave, several works by Messiaen, and the first performance of a new quartet by Hugh Wood.

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Festival Hall

The Year 1917

by RONALD CRICHTON

The Royal Liverpool Philharmonic recently completed a two-year span of the Shostakovich symphonies, complete except for the rarely heard Third and Fourth. On Friday they paid London the compliment of bringing one of the lesser-known ones, the Twelfth, to the Festival Hall. No. 12 is sub-titled "The Year 1917." Like the predecessor No. 11 (The Year 1905), it is overtly concerned with Revolution. For whatever reason, neither of these symphonies, outside the Soviet Union at least, has generally won the admiration and interest aroused by the Tenth or by the three last of the fifteen.

Friday's lively performance under the Norwegian conductor Karsten Andersen suggested that for the most part the Twelfth has been under-rated. The first movement (Revolutionary Petrograd), with two main themes like Russianised descendants of the big tune in the finale of Beethoven's Ninth, has a tautness that Shostakovich (as he well knew) did not often achieve in sonata form. The music marches or lurches grimly forward until the thundering climax just before the coda, which begins with a sudden hush broken by drum taps—drums are prominent in this symphony, to great if unostentatious effect.

The slow movement (Razliv, where Lenin was waiting in secret for events to get going) is a brooding night-piece in the dark colours which both Shostakovich and Prokofiev handled so well. In place of a scherzo (the four movements are continuous) there is a short piece named after the cruiser Aurora, a page of suppressed physical excitement growing out of distance and darkness. The finale, grandiosely named "The Dawn of Humanity" is a let-down, or seemed to be so in this reading: not one of the composer's tongue-in-cheek, ambivalent exercises in proletarian high spirits, but a still mainly sombre assemblage of rhetoric and over-simplifications, betraying more anxiety than optimism.

With reservations about the finale, the performance was impressive with keen string tone (already noticed and enjoyed in Svendsen's Carnival in Paris earlier in the concert), and incisive, alert playing from wind and brass. The rough edge was as welcome in Shostakovich as it was wearying in the accompaniment to Szeryng's immaculate but rather impersonal playing of the Chaikovsky Violin Concerto.

St. Marylebone Church

London Bach Society

by NICHOLAS KENYON

Though it seems to us one of his most perfectly balanced and cogently planned works, Bach's St. John Passion underwent many changes during the years in which it was revived for performances at Leipzig. Several of these changes show Bach refining the details of the vocal and instrumental writing in the piece, but a group of changes which he made for the Passion's second performance in 1725 introduced a group of new movements into the work which changed its flavour considerably.

These five sections—opening and closing choruses, and three arias—have been printed as an appendix to the New Bach Edition of the St John Passion, and it was a welcome idea of Paul Steinitz's to vary the annual ritual of a Passion by the London Bach Society by reconstructing this 1725 version of the St. John for their performance on Saturday afternoon.

Of the three unfamiliar arias, two are wild and dramatic pieces about the earth quaking and the lightning flashing which sound as if they have escaped from Telemann's Day of Judgement (the superficiality of the second, at least, corroborates that): they do not help the unity of Part I of the Passion. The third, however, is a lovely, quite simple meditation for tenor with two oboes which could well be used in the (all-too-frequent) performances where there are neither viola d'amore players nor tenor soloists equal to the demands of the long aria "Erwäge" which so often creates a dramatic sag in the middle of Part II.

About the alternative choruses I was less happy; though both these massive chorale fantasias are fine pieces in their own right (the first now closes Part I of the St. Matthew Passion; while the second closes Cantata 23) they have an expansiveness which is foreign to the tight-knit drama of the St. John Passion. The loss of that turbulent, dissonant opening of the Passion, and of its plain, glorious chorale ending—both these are serious drawbacks, tolerable only on isolated experimental occasions. It is reassuring to know that Bach reverted to the original scheme in later performances.

It should be said that the fresh-voiced, lively singing of the London Bach Society did much to argue the virtues of the unusual arrangement—even if some sluggish rhythms at times dragged them behind the orchestra. Wynford Evans bore the burden of the new tenor arias bravely, but the real authority in the performance came from Stephen Roberts in his storming bass aria, and from Jennifer Smith, almost unbearably intense in "Zerfliesse mein Herze." Paul Esswood worked his usual miracles of clarity and suppleness of line, and Richard Morton (deputising at short notice for Ian Partridge) was an Evangelist of real promise. Steinitz's account had that utterly plain commitment and integrity which raises such a performance above the level of a mere concert.

Goldsmith's Hall

Eder String Quartet

The City Music Society on Thursday combined a concert with a photographic session. While the young Eder Quartet played, a keen cameraman snapped away assiduously all through their Mozart, which was distracting, and through their Bartok, which—since it featured a good deal of Bartok's snap-pizzicato—was also confusing. In their Brahms the camera performed only between movements, but the Romance was vigorously accompanied by the washing-up of crockery in the next room. (Or so I assumed: I think the gold plate would have had a different ring.)

In these homely circumstances the Eder Quartet did not seem ill at ease, but they were content to present smooth, unchallenging accounts of all their music. Their leader used a very wide vibrato in everything, and his intonation (especially in Bartok) was not beyond reproach. Though they made an impression of tidy efficiency, inner parts were often rhythmically slack: the Brahms suffered from that. They were cavalier with dynamics—even in Mozart, where fp's were treated as simpl f's.

Their general musicianship was not in doubt, but they applied it without differentiation. The Mozart was the D major Quartet K. 575, and for all their clear, pretty playing it might have been a piece four hundred Koechel numbers earlier, limpid without depth. In the Brahms C minor, the metre was always too bright and rigid to suggest much power, let alone stress; even if the Romanze had not been con piatti it would have sounded brittle. As for the Fourth Quartet of Bartok, which they undertook with crisp despatch but nothing resembling bite, it can rarely have sounded so small and friendly—the pizzicato movement semed an amusing encore-piece. The syncopations which give the work its muscular complexity were flattened out tamely. Thus far, what the Eder Quartet chiefly offers is immature promise.

DAVID MURRAY

Anthony d'Offay

Lucian Freud

by WILLIAM WEAVER

Head of a Girl: Lucian Freud

It is a curiosity of our present cultural life, born of an unholy alliance between general attitudes and recent art history, that contemporary painting should be railled against so alarmingly, that it should still appear to present threatening problems, to comfortable, educated opinion. For is not all that abstract nonsense, splodges and smears, blank canvasses and so forth, just a confidence trick? That response is most certainly misconceived.

Whatever our views on abstract painting might be (some of my best friends are abstract painters), a quick count of the two dozen or so whom informed opinion would hold to be our best, or at least our most successful, modern painters, supplies the fact that some 70 per cent. are unquestionably figurative in their work; and the percentage would rise still further were we to include those artists whose work derives directly from figurative sources.

On that list Lucian Freud stands very high, one of the most distinguished of our living painters, perhaps indeed the most distinguished of them all: which is to say that he must be among the very best artists working anywhere in the world. It is hardly necessary to say, however, that he is not honoured in his own country, and, though he enjoys the respect of his peers, certainly no star, virtually unknown to all but the thousand or two souls that constitute the art community here: which deficiency happily may now be adjusted somewhat. A number of his recent paintings, some tiny and none exactly large, are on view at the Anthony d'Offay Gallery in Dering Street until March 18, a splendid and exciting show.

His paintings are far from pretty, though eventually we come to see that they are beautiful. His subject predominantly is the human figure, and by extension the human condition, which he treats to dauntingly unsentimental and concentrated a scrutiny. His sitters are not flattered, but portrayed bleakly as they are: flesh is seen and painted as so much meat, an emphasis upon physicality that draws out the physical presence of the sitter, and an acute awareness besides of the substance of paint and his way of working it. We are down to fundamentals, to the problems of painting, of illusion, and of reality itself.

The artist puts on the paint in a certain way, with more or less skill and sensitivity, and so conjures out of a flat surface an image of sorts, that takes its place in the world as an independent entity, yet comments upon it, and upon itself, too, in the record it affords of its own making: which poses interesting questions, though answers are few, and doubtful.

With Freud there are no histrionics, no slick, easy effects, no expressionist indulgences, though his cleverness and control, and the accuracy of his observation, are clearly demonstrated in his every mark, should we look for them. The colour is subdued, flesh grey, pink and green. As we move closer to the surface, the form, so surely modelled and so powerfully descriptive, begins to break down into its constituent elements, the features dissolving as it were into the paint. Moving away again, however, this stuff resolves itself soon enough into the most convincing and personal of images, true likenesses: and, being true, they are beautiful after all.

These paintings are indeed commanding portraits; and, through they very particularity, the sense they convey of the singular identity of each subject, alone in the world, they take on a universal application: for we make of each one our own substitute, in whom we pin ourselves down vicariously. Why this should be so is a great mystery, but one as old as Art itself, wrapped up in that old sympathetic, atavistic magic; and it is one of the powers of great Art to remind us, shocking and surprising as they are, that these forces ar still active within us.

'The Gold of El Dorado' at the Royal Academy

An exhibition of pre-Columbian gold treasures, largely drawn from the collection of the Museo del Oro in Bogota, Columbia, will open at the Royal Academy of Arts in November this year. Entitled The Gold of El Dorado it will be the Academy's main winter exhibition and will run until March, 1979. winter exhibition and will run Benson and Hedges in association with Times Newspapers and the Royal Academy of Arts.

NatWest backs Welsh National Opera

National Westminster Bank is to provide £15,000 towards a new production of Madam Butterfly by the Welsh National Opera, the first sponsorship the company has received from the world of industry and commerce.

The new production is to be directed by Joachim Herz, the East German director, known principally to British audiences for his production of Salome for the English National Opera. It will be premiered on November 1 at the New Theatre, Cardiff.

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Time runs out for steel

THE POINT that emerged most clearly from the latest report from the Nationalised Industries Select Committee last week was not the one which most exercised the committee—namely, the effectiveness of the Corporation's internal reporting procedures and its communications with the Department of Industry last summer and autumn when BSC's developing financial crisis took a sudden and alarming turn for the worse. In point of fact these procedures appear to have signalled danger as quickly as could reasonably be expected in a fast moving situation which caught steel makers everywhere off their guard. The main lesson to be drawn from the report is the familiar one, which has been seen before in steel and other nationalised industries, of the harm which can be done to a major industry when job preservation and other short-term social considerations are allowed to take precedence over efficiency and profitability.

Unacceptable

It is this that largely explains why the collapse of the steel market last year, when steel makers the world over were expecting a turn-round in the demand cycle, hit British Steel harder than most. It arrived when BSC was half-way through a major programme of investment in large modern plants—a programme whose start had been delayed by the intervention of a previous government—and when, too, it was saddled by the present government's undertaking at the 1974 election to delay the closure of the Corporation's old high-cost plants. As a result, it faced the crisis with manning levels and a break-even point that made the prospect of profitability seem unlikely even in a boom.

By reducing stocks, pulling out of loss-making sales, delaying capital expenditure, and cutting down on shift working, the Corporation embarked upon a far more extensive cost-cutting exercise than the committee gave them credit for. But there was little more it could do quickly short of closing plants and so improving the loading of its low-cost new plants. That option appeared to be closed so long as the steel workers' trade unions believed that drastic pruning was politically unacceptable to the Government just as the attempt to negotiate work measurement and other productivity schemes had been held up by the Government's pay policies.

Now that last week's agreement between the Corporation and the Iron and Steel Trades Confederation has eased the political path, the Government must throw its full weight behind the need for better manning and higher productivity. The new agreement has yet to be tested by local negotiations and it has yet to be accepted by the craftsmen and the blast furnacemen.

However, the Corporation's losses and its cash flow prospects are such that plant closures will not themselves be sufficient. There is a case for continuing with the investment projects that are already in hand, since not one of the five major steel-making complexes on which the modernisation programme was based is yet running in the efficient and balanced manner it was designed to do. There could even be a case for continuing with projects that will enable BSC to take advantage of the steel shortage which the world's steel makers say will occur in the 1980's as a result of the savage investment cut-backs the crisis has forced.

Immediate

But, even if the cost of debt servicing is reduced by a capital reconstruction and even if BSC's financing needs are partly met by grants to cover the cost of closures and redundancies (actions which could both cause awkward political repercussions in Washington and Brussels), the Corporation will still need substantial injections of fresh loan capital which it has little immediate prospect of being able to service. Indeed, BSC's need for an increased borrowing limit is now so urgent that Ministers can no longer fudge the issues if they are to secure Parliamentary approval for a further increase. The time for procrastination has run out.

New rules for safeguards

MOST Western countries are now entering a period in which they are going to be obliged to phase out—or at least restructure—some of their traditional industries. But the adaptation to the new pattern of world industrial production cannot, and will not take place overnight. However efficiently Governments plan the transition, there will undoubtedly be occasions on which they will need to take defensive action against sudden surges of imports from low-cost producers.

Unemployment

There must, however, be internationally agreed rules governing the introduction of safeguard measures. If there are no restraints, the developed countries will be tempted to protect unviable industries to their own, as well as their competitors' long-term economic disadvantage. If, on the other hand, they are not allowed to take any action at all, there is a real danger of massive unemployment and potential political and social upheaval. This is why the somewhat arcane debate on the reform of GATT safeguard procedures in the current Tokyo Round of international trade negotiations is so important.

Virtually everyone is agreed that existing rules are unsatisfactory. The relevant GATT article stipulates that if safeguards are introduced they must be applied against all other countries indiscriminately. This makes it an extremely blunt weapon. There is no way for a country suddenly hit by a wave of imports of, say, low-cost television tubes from Japan, to act against them selectively. The result has been that Governments have either taken unilateral action outside GATT rules or tried to negotiate "voluntary" export limitation agreements to alleviate the impact on their domestic industry.

In Geneva, the EEC is now arguing that it should in future be possible to take selective action without breaching GATT rules. The Community's position, adopted at the insistence of Britain and France, is only reluctantly supported by Germany and is viewed with considerable misgivings by the U.S., which still officially believes in the principle of market forces. Japan has tended to be in two minds about the idea. On the one hand, it is resisting the concept of selective action for fear that it would normally be on the receiving end. On the other, it is attracted by the prospect of being itself entitled to take selective action against lower cost competitors in Asia like Taiwan or South Korea.

The Community will not find it easy to persuade its partners to accept the selective approach, and last week a powerful attack on the proposal was published by the Trade Policy Research Centre in London. A report by Mr. David Robertson argued that it was essential to maintain the principle of non-discrimination to ensure equal treatment for the world's smaller and weaker exporters. The essence of his argument is that there will only be sufficient pressure to abolish import restrictions if they are applied to all producers, thus generating solidarity among the exporting nations.

That is a fair point. It would be unanswerable if the final Tokyo Round package allowed importing countries too much freedom of action in imposing selective safeguards. At the very least, the aim of the Geneva negotiations must be to establish a clearly defined discipline that is fair to both importing and exporting nations. There must be provision for importers to protect themselves in an emergency, and it is better that they do so inside the GATT framework than outside it.

Consultation

There must equally be strict conditions attached to such action. It should only be taken after consultation, be strictly limited in time, and be subject to international surveillance. Safeguards should also be accompanied by a genuine effort to restructure the threatened industry. These are all points that Mr Robertson makes. If they are accepted by the importing countries there will be less danger that countries singled out for selective action will be unjustifiably victimised.

The intricacies of Japan's chronic trade surplus

By CHARLES SMITH, Far East Editor

JAPAN, in trouble again over its trade relations with both the U.S. and Europe, seems unlikely to satisfy the demands of either partner in the near future. This is despite the agreement signed last month between Mr. Robert Strauss (President Carter's Special Trade Negotiator) and Mr. Nobuhiko Ushiba (Japan's Minister for External and Economic Relations), which was hailed at the time as a major breakthrough.

The questions and answers which follow highlight a few of the points politicians on both sides have been talking about to try to explain why high-level consultations are not likely to produce quick solutions:

Q: Can Japan achieve a current account deficit, as the U.S. has demanded (in place of the $12bn. current account surplus unofficially forecast for the fiscal year ending on March 31)?

A: Japan was pushed into saying, in the recent Strauss-Ushiba communique, that it would "accept" a current account deficit "if it should occur." This, however, is generally held to be a diplomatic euphemism bearing little relationship to the real situation, which, as Japanese bureaucrats see it, is that the rate of increase in imports required to put Japan into the red on its current account by, say, the early 1980s is impossibly high, at least if it is related to any likely acceptable rate of export increase.

To take a hypothetical example, a trade balance (which would mean a modest current deficit) could be achieved if exports grew by 7 per cent. and imports by over 14 per cent. per year over the next five years. During the last four years exports have consistently performed better than imports—sometimes growing more than twice as fast.

Japan does aim to reduce its payment surplus, but there is some doubt about the degree of the Government's commitment to the published target of a $6bn. surplus in fiscal 1978. The $6bn. figure was described recently by the Director-General of the Economic Planning Agency, Mr. Kiichi Miyazawa, as a "political" figure adopted under external pressures. What the Japanese do *not* say, but are uncomfortably aware of, is that their payments surplus could disappear abruptly if there were another major oil crisis.

Q: If Japan cannot get its overall current account into deficit can it achieve a balance with either the U.S. or Europe?

A: It is theoretically easier for Japan to balance its visible trade account with the U.S. than with the EEC because the U.S. sells Japan more things it cannot produce at home (that is, food grains, coking coal and, up to now, a monopoly of its aircraft imports). The Japanese surplus with the U.S. has fluctuated sharply over the past few years. It reached $4bn. in 1971, shrank to less than $1bn. in 1974 and 1975 and then shot up to $5bn. in 1976 and over $7bn. last year.

The surplus with the EEC, on the other hand, has been growing at a seemingly inexorable $1bn. per year for the past four years, reaching $5.2bn. (according to EEC figures) in 1977. EEC exports to Japan pay for only 40 per cent. of Japanese exports to the EEC, whereas in the case of U.S.-Japanese trade the coverage has normally stayed over 60 per cent. Japan's surplus with Europe helps to cover the deficit it runs with some raw materials exporters (including Arab oil producers), so it is difficult to imagine it ever being willingly eliminated.

Invisibles deficit

Japan claims to have an invisibles deficit with the EEC of just over $2bn. (much of it with Britain). These figures, however, are disputed at the European end, and particularly in Britain, on the ground that much of the money flows out again to Greek shipowners or Arab investors.

Q: Is Japan being "fair" in its handling of U.S. and European trade demands, or does it practice "favouritism" towards the U.S.

A: The charge of unfairness is based on the fact that Japan conducted a lengthy series of bilateral talks on trade matters with the U.S. between November last year and mid-January, at the end of which it announced a significant list of trading and economic commitments. Japan says the commitments were "global" in nature and should benefit all its trading partners, not just the U.S. The EEC has officially welcomed the outcome of the Strauss-Ushiba negotiations, but clearly feels that, as the world's largest trading bloc, it is entitled to its own separate set of talks.

Japan has agreed to talks, but with a marked lack of enthusiasm. It is felt in Tokyo that the EEC demonstrated a poor sense of timing by attempting to embark on a lengthy series of bilateral talks with Japan after the multilateral trade negotiations had got under way in Geneva. Some Japanese spokesmen, including Mr. Ushiba himself, have also cast doubt on the ability of the EEC Commission to conduct "proper" negotiations on the ground that its member states are too divided about what to ask from Japan. It would be true to say, therefore, that Japan is showing less willingness to talk to the EEC than it did, before Christmas, to the U.S. The Japanese government, however, would argue that there are good reasons for this.

Q: If the prospects for a Japan-EEC declaration on trade relations of comparable importance to the Ushiba-Strauss declaration are dim, what can be expected from the talks?

A: Japan has ruled out any further tariff concessions on the grounds that tariff questions are now under discussion at Geneva. It says it is willing to look at other ways of improving access to the Japanese market for EEC products. These ways could include simplification of the notoriously complex and time-consuming inspection procedures for products such as chemicals, pharmaceuticals and medical instruments. There could, conceivably, also be increases in the import quotas for products such as shoes, silk yarn, and canned meat. The Japanese Government may agree to lend support to the purchase of the European Airbus and the BAC One-Eleven by Toa domestic airways, but the final decisions on which aircraft to buy will, at least in theory, rest with Toa itself.

Q: What is Japan's position on the import of manufactured goods? Does it really want to import more?

A: Imports of manufactured goods account for only about 20 per cent. of total Japanese imports. This is acknowledged to be very low. The U.K., France and West Germany claim manufactured goods import ratios of over 50 per cent., although the ratios fall below 40 per cent. if intra-EEC trade is excluded.

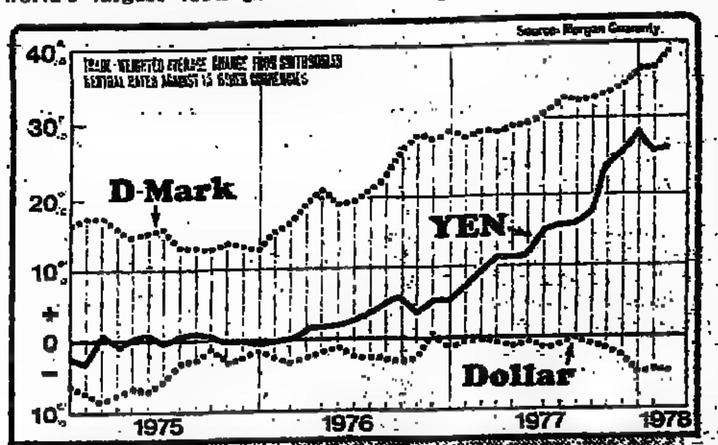
The reasons for Japan's low ratio are: (1) Japan followed an essentially protective policy towards manufactured goods imports until the late 1960s by which time its domestic industries had become highly competitive. (2) The ratio of manufactured goods to total imports was rising fast before the oil crisis (it reached 30.6 per cent. in 1973) but fell back sharply when the quadrupling of oil prices automatically increased the share of non-manufactured goods in Japan's import bill. (3) Foreign consumer goods cost a lot in Japan's shops because distributors (whether they are Japanese wholesalers or foreign trading companies) impose high mark-ups. They have been doing this since the immediate post-war period, when foreign goods were genuinely out of reach of the average consumer and could only be marketed as luxuries.

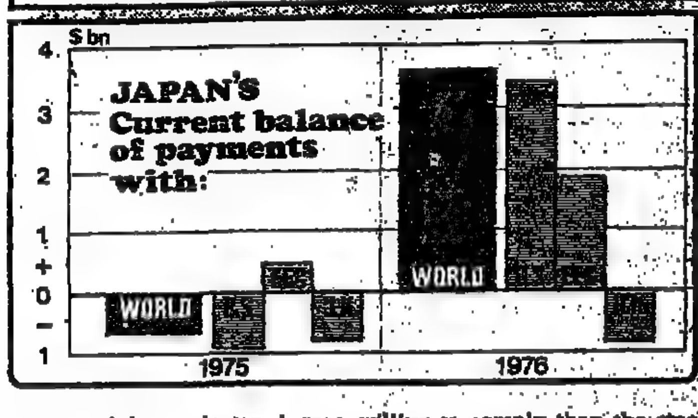
Formidable hurdles

There are other reasons for the impenetrability of the Japanese market, including the number and variety of local health and safety regulations (and the zeal with which these are enforced), and the sheer cost (including commercial TV advertising rates up to 10 times those of Europe) of launching a product on the world's largest but most competitive consumer market. They add up to a formidable set of hurdles—but the rewards for leaping over them can be great.

Q: Why is Japan so reluctant to increase its food imports?

A: Japan is already the world's largest food grain importer and has a lower degree of self-sufficiency than Western Europe in most foods except rice, of which it produces an embarrassing surplus. Japanese farm policy is designed to encourage rice farmers to move into other types of agriculture which, it is argued, need protection until they have been built up to competitive levels. The irony of this policy is that protection is being given to livestock and dairy industries which are themselves dependent on huge quantities of imported cattle feed.





Q: Is Japan willing to restrain its exports as a means of bringing its trade back into balance?

A: The official line is that export restraint will be invoked when a particular Japanese product has achieved "excessive" penetration of a particular market but that there will be no overall policy of restraint as a means of reducing the trade surplus. The distinction breaks down when the sale of one product in one market is great enough to play a significant part in determining the overall amount of the trade surplus—for example Japanese cars to the U.S. These are worth some $4.5bn. per year and have grown fast in the past few years—by 54 per cent. in 1976 and by another 32 per cent. last year.

Japanese car exporters are saying that this year's car exports will probably run into natural barriers such as reduced demand resulting from the 15 per cent. price increases most car exporters have announced (by stages) over the past year. The price increases so far, however, have failed to damp down demand in the U.S. and the U.S. motor industry is showing signs of restiveness. If it demands voluntary restraint, the motor industry will probably be less willing to comply than the steel industry was to restrain itself in a similar situation last year.

Competition between the top Japanese motor manufacturers, Nissan and Toyota, is notoriously tough and smaller companies like Mitsubishi Motors and Honda are pushing aggressively for bigger market shares inside and outside Japan. This makes it very hard for the industry to agree on restraint in a particular market. Failure to agree on who would sell how much to whom explains why Japanese car shipments to the U.K. went up 30.6 per cent. last year after the industry had promised "no significant increase" in sales.

There is a strong case for Japanese industry to invest in the U.S. and Europe, not only as a means of by-passing trade barriers but also to help replace jobs that may have been lost in part because of Japanese exports. As of now, however, investment attitudes can only be described as cautious.

Q: What does Japanese public opinion think about it all?

A: The Japanese consumer would like to buy more foreign goods, particularly European or American. Big business is officially in favour of stepping up imports (especially from countries where its own exports face protectionist pressu but tends to lean rather on its distributors when t is any question of a foreign duct penetrating its market. Japanese commenta are not averse to suggesting "racial prejudice" may li the root of some European tudes to Japan, particularly cases where they main Japanese exporters get "pic on" for aggressive competi in some western markets w exporters from other countr seem to get off scot-free. minority of officials and b nessmen—mostly with over experience — believe that is an urgent need for Japa broaden its view of the out world and take more accoun the fact that unrestrained ports can have severe poli repercussions.

Q—Is the yen exchange likely to move again? If it d what will be the effect Japan's trade?

A—If you take the D-mark parity as a yardst the yen is still seriously un valued. That is to say, the has appreciated less than th mark against the dollar s the Smithsonian Agreement December, 1971 (the occasion on which currency had a fixed rate exchange). To reach parity the D-mark, the yen would h to climb to about $1=Y equivalent to a 30 per c revaluation from its pre parity of $1=Y238. Obviously, it is not likely reach this point in the im diately foreseeable future. the Yen-DM comparison wo seem to indicate that there scope for some furt revaluation of the yen, per to $1=Yen220 in the not distant future.

How this would affect Jap trade would depend on the the revaluation occurred. sharp upward movement that of last autumn (when rate moved up by about 13 cent. over two and a months) could severely dam business confidence in Jap and set back economic recov prospects. This in turn wo dampen the demand for ports, so no one would ben much.

A more gradual yen app ciation might have more c structive effects. It should c tainly make foreign go cheaper in Japan, although p haps not by the full amount the revaluation, and should a oblige Japanese exporters raise their prices in fore markets.

At Y220 or Y210 to the doll Japan would still retain a co petitive edge in its strong industries, such as steel a cars, but weak industries l textiles, which face competiti from Korea and Taiwan, mi have to be phased out alm completely. The Bank Japan's policy is to ensure t the rate moves slowly (assu ing it has to move at all).

MEN AND MATTERS

An Italian ignored

Our devolutionists have an unexpected ally in the shape of Giancarlo Pajetta, the Communist Party of Italy's shuttle diplomat, who, hot-foot from the Middle East, asked me yesterday why the British were so old-fashioned about regionalism. He thought it had worked well in Italy and was the best way of keeping a unitary state.

Pajetta likes Britain. A good orator with a biting wit, he was here to lecture at Saint Catherine's Oxford and to members of the Italian community; but he thinks Britain would be a good place for a holiday as everyone is so "depoliticised." You might say this applies to the Foreign Office too. Pajetta, one of the old guard of the party, was used by Berlinguer to tell the party's sceptical followers, why it liked NATO. He is also the party's expert on the Horn of Africa and the intricacies of the Middle East.

Could not the Foreign Office perhaps benefit from his recent meetings with Ghadaffi, Arafat, Boumedienne *et al*—and his trips to Addis and Mogadishu? "It would be a bit unusual to meet him," is Whitehall's response. Unusual perhaps, but it might have helped scotch the CPI's growing conviction that Carter and the West will only recognise in Western Europe those parties which will support U.S. policies not only in Europe, but in the Middle East and Africa too.

Air care . . .

A spate of heartfelt (and even heart-rending) letters has been provoked by my note last month about the vagaries of exchange rates used by airlines when converting tickets from one currency to another. A reader based in the Gulf has protested about the way he was surcharged more than 65 per cent. in Bahraini dinars on a freight consignment. "Is this not extortion?" he demands with all the bewilderment of a simple Englishman caught in a souk.

Returning to more familiar currencies, the essential message seems to be that nobody should every buy an inclusive tour ticket in London, even from an eminently respectable agent, then try to board a plane with it in Germany or Switzerland. The ticket will be declared invalid, although you may have booked the entire journey on Lufthansa or Swissair flights. The airlines will just demand the scheduled fare, which can be three times as much. Lufthansa may yield — a German girl who was surcharged for a trip in Mexico on a tour ticket issued in London has won a case against them. But Swissair are tenaciously defending the inviolability of their francs.

. . . earthly anger

In a large provincial railway station at the end of last week, a colleague saw what strikes me as an encouraging sight. All ticket windows bar one—before which there was a large queue—were shut, although several functionaries could be descried within doing nothing in particular. A man with a large ginger moustache and a walking stick arrived, surveyed the scene and banged firmly on one of the closed windows with the handle of his stick. After a brief flurry within, the window was opened and service began.

In the metropolis, similar tactics might pay dividends in like situations on the underground. At Kensington High Street, a station with which I am not unacquainted, there is almost invariably a long queue and only rarely is more than one ticket window working—although it is not uncommon to espy within the office as many as three men who look big and fit enough to go several rounds with Leon Spinks.

The fact that many London underground stations seem awash all day with foreign visitors trying to buy tickets with £10 notes is surely all the *more reason to keep the offices* fully operational. It now costs 40p or more to make a journey across London — which was called eight shillings in those days before Chancellor Callaghan halved the pence in our pockets at a stroke. In June the fares will go up by another 10 per cent. Perhaps the authorities will then find a way to take the money off us more swiftly.

Matter of interest

There has been some relief at Basingstoke this week. The 210 pages of Talal Abu Ghazaleh's English-Arabic Dictionary of Accountancy, run off by Macmillan's printing presses there, has just arrived in the bookshops. But however hard it is "hyped," it's somewhat unlikely to be seen on the best-seller's lists.

By its own description the dictionary is a "pioneering work," running from A.A.R. (against all risks) to Zoom (U.S.)—whatever that is and nobly including words such as collusion and fraudulent conversion. It sets out to standardise the vocabulary used in Arabic accounts, arguably a valuable task, even if it has received a sceptical welcome from one of the more august British firms. A partner told me, "Every area has its own vocabulary and in any case the bigger companies often work in English."

I am not sure that I want to follow Abu Ghazaleh far on his pioneering trips into these shifting sands, particularly since he could be rousing Islamic sensibilities with some esoteric accounting phrases such as "pig on pork." He also lists 21 types of "interest"—but not the Koran's warning in the Sura: "O believers, fear God and give up the usury that is outstanding if you are believers. But if you do not, then take notice that God shall war with you."

Engines of history

Three years ago the delegates to the Fourth National People's Congress were ferried surreptitiously into Peking: but yesterday the world was able to join in the satellited rituals of the Fifth Congress. The 3,500 delegates have been arriving not by secret tunnel, but by road and rail—in what must have been a train spotter's delight. For 30 years "Wind of the East Number 1," the crack train dedicated to Chairman Mao, has been chuffing around the Peking area: Number 2, dedicated to Chu Te, co-founder of the Red Army, is the pride of northern China. Number 3 has just entered service in Shanghai, with a bust of Chou En-lai on the front of the locomotive and a banner written by Premier Hua Kuo-feng himself. Peking officials are emphatic that there is much rejoicing wherever the trains go.

Perhaps Peter Parker could bring a little extra gaiety to British Rail by adorning the Inter-City specials with busts of our national celebrities:- Ray Buckton, for instance.

Observer

FINANCIAL TIMES SURVEY

Monday February 27 1978

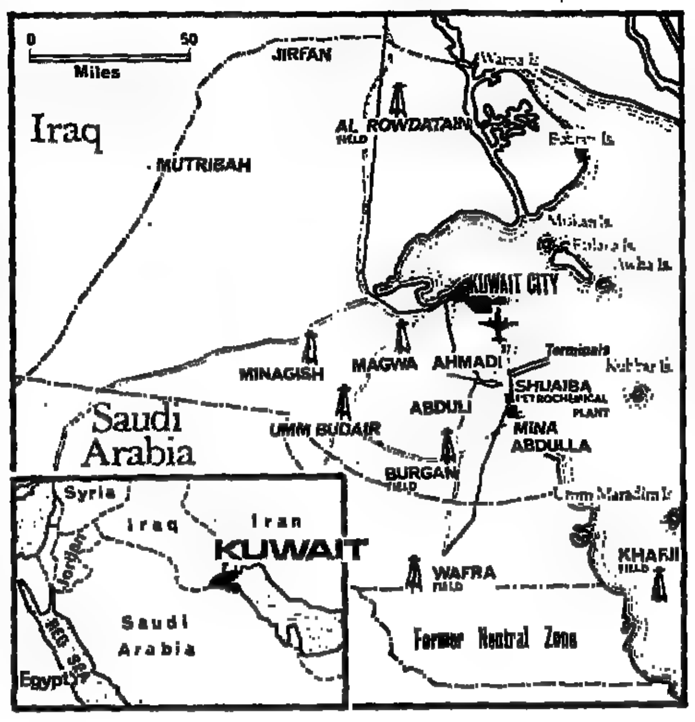
KUWAIT

Under its new Emir, Kuwait can look forward to continued stability—despite possible strains caused by pan-Arab divisions, and more rapid economic development. Its fiscal surplus will decline as expenditure catches up with revenue and the real value of its oil incomes falls.

Adjusting to a less frenetic pace of life with the slowdown in the rate of economic activity *compared with the boom of* 1975 and 1976, Kuwaitis are not bracing themselves for any dramatic changes. Continuity of policy at home and abroad will be *the order of the day*. The new Emir has effectively been running the State's affairs for many years now. His strong commitment to Kuwait's development will ensure steady growth for the next decade which is likely to see also *Kuwait's financial surplus* decline still further from the extraordinary level reached two years ago—though no diminution of its accumulated foreign assets now estimated to be worth more than $25bn.

On the domestic front Sheikh Jaber al Ahmed will be *faced by the need for* a decision on constitutional change and the question of what mechanism, if any, should be established for popular participation in the legislative process or, at least, consultation. Already he has promised specifically, if somewhat obscurely, *consolidation of* "our genuine democracy through popular participation." Internal security that over the past year has been maintained effectively, if discreetly, may be tightened—especially with Sheikh Saad al Abdullah, the new Crown Prince, who was formerly Minister of the Interior, his Premier also. Liked for his compassionate open-handedness, he has always taken a tough line with trouble-makers. Externally, Sheikh Jaber al Ahmed's accession could mean Kuwait, which is deeply concerned about the divisions within the Arab world over Egypt's peace initiative and its possible repercussions at home where the Palestinian minority is so large, being more assertive in trying to restore unity.

While Sheikh Jaber al Ahmed's accession was predictably smooth, it also re-established the tradition, broken only at the last succession, that the supreme authority in the State should alternate between the Jaber and Salem branches of the Sabah family, descended *from* Mubarak "The Great" who at the end of the last century finally established Kuwait's separate identity and who in 1899 entered into the treaty *relationship with the U.K.* As the health of his predecessor, Sheikh Sabah al Salem, failed, Sheikh Jaber al Ahmed (who comes from the Jaber line) had progressively been *taking over* the honorific functions of Head of State. Now he is not expected to be content with *titular* authority alone but also to be very much his own Prime Minister.



Simplified

The arrival of the 52-year-old Emir in the top position probably *simplified the process of* reordering the hierarchy below him, though the vital decisions evidently caused some heart-searching in the family. The Sabahs are a close-knit and inscrutable group—small by comparison with the ruling dynasties of Saudi Arabia, Bahrain or Qatar and also exceptional in the low profile *that they have kept while* devolving responsibility to an ever-widening circle of Kuwaitis. It is commonly said that the essence of the unique Kuwaiti system is an alliance between the ruling family and the leaders of the merchant community who, like *most of* the citizenry, showed little or no concern when the factious National Assembly was dissolved in 1976. It was at their pleading that the Government interceded *late last year to alleviate the* losses of speculators in the share market in a typically paternalistic move, the wisdom of which is questioned by some *of Kuwait's young technocrats.*

Apart from the merchant community, there are other important factors in the Kuwaiti socio-political equation which is complex enough in itself quite *apart from the presence of* almost as many Arab expatriates as Kuwaitis in the State. On *the one hand*, there are the tribal elements whose support is important and has notably been cultivated by the new Emir in the past by well-conceived *matrimonial policy. On the other* hand, there is the technocratic element produced by several decades of education and affluence which has made Kuwait into one of the most civilised centres of the Arab world. By design the tribal element was more heavily represented in the National Assembly but the technocratic one also *made its voice heard*—not the least through the handful of "Arab nationalist" deputies. Whatever his thinking or intentions it may be significant that the Emir consulted four former Speakers of the old National Assembly before finally appointing Sheikh Saad Abdullah Premier as well as Crown Prince.

The announcement earlier this month ended speculation that the posts of Crown Prince and *Premier, traditionally combined* in one person, might be split, thus allowing Sheikh Jaber al Ali to become Prime Minister. As it is, the ambitious Deputy *Premier and Minister of Information*, who has an important tribal following, has remained in the Government despite his disappointment at being passed over as heir apparent originally and as chief of the Cabinet more recently. Thus, the family ranks are *firmly in order*. Sheikh Sabah al Ahmed, a brother of the Ruler and the Foreign Minister, who was the other obvious candidate for the role *of Crown Prince but who* stood down in favour of Sheikh Abdullah, has been made acting Minister of the Interior.

Previously included in the same portfolio, the Defence Ministry has been given to Sheikh Sakem al Sabah, formerly *Minister of Social Affairs* and Labour. In the only other change Sheikh Ali Khalifa al Sabah — an exceptionally talented and hard-working 33-year-old—becomes a Minister of Oil, an appointment made on merit rather than because of *membership of the ruling* family. While the Sabahs hold all the most important portfolios except Finance, in Kuwait (unlike the less developed Arabian States) *ability*—of which there is no shortage—is the prerequisite for any post in *the Cabinet which, nevertheless,* fairly reflects the contrast between the traditional and modern in Kuwait.

Committees have been at work redrafting the suspended articles of the constitution. Sheikh Jaber al Ahmed is believed to be in favour of eventually—perhaps in three or four years' time—establishing some kind *of democratic institution*, although he would probably want to reduce the *representation of bedouin* elements, which in the old National Assembly proved susceptible to influence and money. Meanwhile, liberal *democrats of the world should* not grieve over the demise of the parliament. It represented only a small part of the population and was notable for its unswerving preservation of Kuwaitis' priviliges at the expense of the expatriates. In blocking legislation *it was a* serious impediment to proper administration. But the main reason for its dissolution and also for the curbs on the Press *imposed in 1976 was to minimise* tensions in Kuwait itself caused by the civil war in Lebanon.

Unhappy

Jealous of its wealth and *privileges Kuwait has still not* come to terms with its expatriate Arab inhabitants, especially the Palestinians, *only a few dozen* of whom have been granted citizenship of the second-class variety. They are unhappy about the way in which they are *treated and, justifiably, by the* fact that they are paid less for doing the same work (usually much better) than Kuwaitis who are not only their masters but landlords as well. *Fifty per* cent. or more of indigenous families are reckoned to receive *an income from property, mainly* at the expense of the foreigners who serve them. Over the years, in an attempt to correct the demographic imbalance, Kuwait has recruited citizens from the itinerant bedouins of the region. The time has come *for it to extend on a generous* scale similar rights to other Arabs who have struck deep roots in the State, a fact that some intelligent Kuwaitis are showing signs of appreciating.

Kuwait has been the front-runner in promoting the concept of collective "Gulf security"—meaning, in effect, co-operation with the other conservative *Gulf States* in preventing internal subversion. Last autumn Sheikh Saad al Abdullah made a round tour of them in an attempt to improve co-ordination. Earlier he visited Iraq, where he was successful in bringing about a detente in the territorial dispute and mutual pullback of forces from the border which troops of the Baathist regime last violated in 1976. But the joint committees which, it was *agreed*, were to *discuss* the details of a final settlement have not met, and Baghdad's disconcerting claim to the islands of Warba and Bubiyan remain unresolved. *Iraq clearly* wishes to leave its neighbour in a continued state of un*certainty*, but at least the border is now reopened, enabling Kuwaitis to enjoy again the delights of Basrah's hostelries.

Conscious of its wealth but physically weak and vulnerable, Kuwait suffers from the tensions *within the Arab world and is* acutely concerned about the current disarray caused by President Sadat's initiative in negotiating directly with Israel. *Implicitly*, the Government approved of the bold move in the hope that it might bring a lasting settlement and, consequently, a more comfortable environment for Kuwait. But it was offended by Egypt's lack of prior consultation, not the least *with its aid donors*, and deplored the hostile reaction created by the unilateral action. For the indefinite future Kuwait will continue to tread a delicate path between the conservative and radical forces of the Arab world, spending liberally on aid in the process. *No other* member of this diverse family of nations has a bigger vested interest in its unity.

THE ECONOMY

A gentler pace of growth

IN LINE with its oil production and revenues, Kuwait's economic activity and growth has slackened to a more comfortable and accommodating level. While the Government views philosophically the decline of its financial surplus, it can only be relieved that the boom of a year ago, which reached its artificial peak last year with a mad frenzy of stock market and real estate speculation, has subsided.

Last week there were only two vessels unloading at the port where at the end of 1976 waiting times ran for months as capacity was over-burdened by congestion elsewhere as well as by Kuwait's own mounting demand for imports.

With its relatively well developed infrastructure and human resources Kuwait was better able to stand the strains resulting from the escalation in oil prices and the exponential growth in expenditure resulting. But it felt, though not as badly as Saudi Arabia and Iran, severely stretched and now is recovering its breath.

Having had their expectations aroused by the 1975-76 bonanza and excessive profits realised during it Kuwait's merchants may be complaining—some of them misleadingly talking of recessions and "crying their eyes out over a 5 per cent. reduction in turnover," as one commercial banker put it. Apart from the huge expansion of domestic business, Kuwaiti businessmen were able to profit from the economic explosion in the region as a whole to the extent that probably up to 20 per cent. of goods imported in 1975-76 were re-exported.

Statistics from Kuwait's main trading partners point to a decline in the rate of increase for imports to about 35 per cent. last year—compared with 40 per cent. in 1976 and 55 per cent. in 1975. Inventories are high and the market is sluggish. For the community as a whole, however, the slowdown can only be a relief, not the least with the reduction of inflation to an annual rate of about 20 per cent.

More dramatic and traumatic was the bursting of the inflated bubble of the over-inflated stock and real estate markets 12 months ago. In this respect the most revealing statistics of all come from the Central Bank. Last year expansion of credit was down to 26 per cent. rise from the breath-taking 82 per cent. recorded in 1976. The difference was accounted for by speculation frenzy, according to Mr. Hamza Abbas Hussein, Governor of the Central Bank, who says the modest increase in advances in 1977 would have been wholly to finance the "productive" sector — which in Kuwaiti terminology includes trade.

Intervened

Real estate valuations are now down 15-20 per cent. from the end-1976 peak. Bigger losses were made on the stock market where the fall was 25 per cent. Finally, the Government intervened by undertaking to purchase from investors shares at the lowest price quoted between October 1 and December 17, through the Kuwait Foreign Trade and Contracting Company (which is 80 per cent. owned by the State). So far this paternalistic gesture is reckoned to have cost the State KD125m. or more.

"That was man-made inflation and totally unrealistic," says Mr. Abdelatif al Hamad, chief of the Kuwait Fund for Arab Economic Development (among many other important posts) and one of the State's leading economic brains. Like some others in influential positions, including Sheikh Ali Khalifa al Sabah, the new Minister of Oil, he questions the wisdom of the Government in helping the speculators who burnt their fingers. In the meantime, it is business back to normal and on a more stabilised basis—but on a "higher plateau" than in 1974, as Mr. Hamad puts it. Better developed, Kuwait suffered less of a jolt than many of its neighbours when the money gushed in 1973-74. Yet, despite the State's continuing fiscal surplus, the scale of Kuwait's development programme and its capacity for absorbing revenues is generally ignored by the Western forecasters.

The slump in real estate and share values, which were large by the criteria of businessmen who believe that they cannot fail to make a profit that would amaze the best organised multinational company, will have had a sobering effect. For less privileged Kuwaitis and the expatriates upon whom they depend—if one can presume to rationalise on their behalf—there is still too much liquidity in the market for comfort. Kuwait, like Saudi Arabia, suffers from a lack of any real co-ordination of fiscal and monetary policies to restrain inflationary pressures. In the last analysis it could be cynically said that the pattern is set by the merchants' drive for profits and their alliance with the ruling hierarchy at the expense of any longer-term strategy.

For the record last year the increase in money supply (currency in circulation plus demand deposits, though the same kind of ratio for M2 and M3 also applied) declined to 24 per cent. compared with the 35 per cent. level of 1976. Yet monetary growth is almost completely dictated by Government disbursements of money, as the Governor of the Central Bank emphasises — pinpointing the essential nature of the Kuwaiti economy.

Kuwait's business community is still essentially a mercantile one, with origins long predating production of oil but fed and enriched over the past three decades by the State's disbursements of oil revenue that still generate the greater part of economic activity (though to a much lesser extent than in the United Arab Emirates or Qatar).

Despite the considerable diversification and sophistication achieved, the economy remains dominated by oil, which provides some 95 per cent. of the State's revenue and 75 per cent. of its foreign exchange earnings—as well as 70 per cent. of GDP (according to the last official calculation for fiscal 1975-76). It has always been conscious policy to distribute as much of the surplus wealth to the citizens—not the least through the long-established land acquisition programme—while also building up an investment portfolio as an alternative source of income.

Foreign assets accumulated by the Kuwait Government from its unspent revenue and invested abroad rose from the equivalent of rather less than $4bn. at the end of 1973, when oil prices were tripled almost overnight, to $18.3bn. at the end of 1976. That was after aid disbursements worth $2.1bn. in the three-year period and excluding the foreign exchange reserves held by the Central Bank as currency cover and to finance imports. The total undeclared sum is now thought to be in the region of $25bn. Unquestionably, Kuwait, like Saudi Arabia, will remain a surplus producer for the foreseeable future, but will also surprise forecasters by its ability to spend its revenue over the next few years.

In its own way Kuwait, like the other members of OPEC, has seen a shift in its financial fortunes, though it has not gone into deficit. In the course of its extended 15-month fiscal year up until the end of June, 1976, the Government officially recorded a budgetary surplus of KD2.92bn. (the equivalent of $10.42bn. at the present rate of exchange). In the 12-month fiscal year 1976-77 which followed, the excess of revenue totalling KD2.46bn. ($8.81bn.) over expenditure of KD1.14bn. amounted to KD1.32bn. ($4.71bn., again at the current rate), according to officially published figures.

Kuwait tends to underestimate revenue, either for cautionary or presentational reasons (perhaps a mixture of both). Actual receipts for 1976-77 were 13 per cent. higher than the forecasts. As it is, the revenue is conservatively put at KD2.27bn. ($8.10bn) though in practice it is likely to be higher.

Allocations

For the current fiscal year allocations for ordinary spending, development and property acquisitions are up by no less than 57 per cent. Even after allowing for inflation, however, the increase is more apparent than real in that the budget is more comprehensive than its predecessors, including, for instance, the big projects programme of the Kuwait Oil Company for the first time. At the same time it does not cover Kuwait's $700m. contribution to the Gulf Organisation for the Development of Egypt and the OPEC special fund, which were fully disbursed over calendar 1977 and drawn from the State General Reserve.

As it is, after the transfer of another KD50m. to the capital of the Kuwait Fund for Arab Economic Development, the fiscal surplus projected is down to KD234.7m. ($838m.). Mr. Abdel-Rahman al Attiqi, Minister of Finance, is confident that the sum set aside for capital will be spent "to a great extent." Sheikh Ali Khakifa al Sabah, speaking in his capacity as Under-Secretary of the Department before his new appointment, predicts that in the final outcome there will be only $900m.-$1bn. to transfer to the reserves. This would compare with a surplus for investment of KD1bn., or about $3.5bn. in 1976-77.

Meanwhile, it is believed that actual income from the oil sector, including gas, will be more in the region of $9bn. rather than the $7.6bn. envisaged in the budget. (Investment income is likely to be running at a rate of $2bn. annually now—but is ploughed back into the accumulating reserve assets.) Overall, however, the financial statistics reflect the way in which the gap between revenue and expenditure has closed, as oil production has stagnated, world-wide inflation has continued and purchasing power has declined. Last year the Central Bank calculated the State's loss from the depreciation of the dollar alone at over 5.4 per cent.

In comparisons with its Arab neighbours Kuwait is at a much more advanced stage of development. It is not generally appreciated, however, just how big the scale of its spending on projects will be over the next two decades. Kuwait's draft five-year 1977-81 plan embraces a capital expenditure programme of nearly KD5bn. Government projects already in hand include the vast programme for housing construction (costing over KD1bn.), expansion of electricity generating and water desalination capacity (KD 350m.), the extension of the motorway system around Kuwait city and the LPG plant now nearing completion (up to KD350m.) as well as a considerable investment in recreational facilities, hospitals, schools, telecommunications and ports.

Despite its surprising absorptive capacity, the preoccupations with finding reliable and profitable outlets for investment in the Arab world, apart from the big multilateral projects, for both State-owned and private capital goes on. Progress has been heavy going. "We are working on it but it takes time," says Mr. Attiqi, who has been the foremost protagonist of deploying funds for productive purposes elsewhere in the Arab world. The Government's biggest involvement is in the troubled Kennan sugar project in Sudan where, says Mr. Attiqi, "progress has not been as fast or easy as we hoped." He is reasonably happy about the joint investment companies formed elsewhere, but has complained of lack of suitable projects generally and the restrictions imposed in various countries.

Kuwait's investments in other Arab countries, together with loans to them, the World Bank and the IMF and its capital contributions to multilateral funds and organisations make up a significant part of the State's foreign assets. In 1976, 50 per cent. of the total accumulated was transferred to the Reserve Fund for Future Generations established under a law which also decreed that in future 10 per cent. of oil revenue should be ploughed into it. Kuwait's better class long-term assets worth over $9bn. were shifted to it. Overall the total $25bn. or so deployed abroad by the Ministry of Finance is divided about equally between equities and money market instruments, with 2 per cent. of it in real estate.

Decline

In respect of its cash balance of $3-4bn. Kuwait is concerned about the decline of the dollar value, but is not so much concerned about its longer-term investment. Mr. Attiqi says, "We have a good diversification and a good spread." Sheikh Ali Khalifa al Sabah says that it is not a question of reducing the existing amount of dollar assets—rather shifting the direction of new investment slightly where this is possible. The Government accepts that a large proportion of its assets must inevitably be in the U.S. (which accounts for 60 per cent. of the equity market worldwide). Moreover, it appreciates that nowhere else can it obtain the same optimum combination of growth and yield.

Over the past five years the average rate of return from the U.S. was 9 per cent. on stocks and shares and 6-7 per cent. from real estate. Even as its fiscal surplus declines, Kuwait rests assured that its giant nest egg will go on growing inexorably if only from income ploughed back into the fund. For their part, the rich merchants have their own immense fortunes abroad that compensate them for fluctuations in the local market.

Richard Johns

KUWAITI BUDGET
(KD)

	1977-78		1976-77	
		% of total		% of total
Allocations for reserves:				
(a) Reserve Fund for Future Generations	227,272,190	10.00	217,192,630	10.
(b) State general reserve	7,449,710	0.33	632,734,120	29.
(c) KFAED	50,000,000	2.20	50,000,000	2.
Sub-total	284,721,900	12.53	899,926,800	41.
Ordinary expenditure	1,511,000,000	66.48	929,000,000	42.
Development expenditure	392,000,000	17.25	263,000,000	12.
Acquisition of property	85,000,000	3.74	88,000,000	4.
Total	2,272,721,900	100.00	2,171,926,800	100.

BALANCE OF PAYMENTS
(KDm.)

Description	1975 debit	1975 credit	1976 provisional debit	1976 provisional credit
1—Goods and services (net):		2,016		2,194
Trade balance		1,695		1,758
Exports and re-exports (fob)		2,459		2,828
of which: Oil and gas exports		(2,289)		(2,615)
Imports (cif)	764		1,070	
Non-monetary gold	32	2	34	2
Services (net)		351		468
Freight and insurance	—	14	—	17
Other transportation	33	100	35	128
Travel	55	24	67	30
Investment income	38	372	36	477
Government	(—)	(173)	(—)	(255)
Financial institutions	(12)	(72)	(20)	(82)
Other private	(26)	(127)	(16)	(140)
Other governmt. (not classified)	37	7	50	9
Other services	7	4	10	5
2—Private transfers:	80	—	92	—
3—Total current account (1+2):		1,936		2,102
4—Non-monetary capital and official transfers (net)*:	789		1,249	
Official transfers	228		59	
Direct investment	47		117	
Government	(20)		(85)	
Kuwait Fund	(6)		(17)	
Other investment institutions	(21)		(15)	
Loans (net)	11		35	
Kuwait Fund	(22)	(7)	(49)	(6)
Other investment institutions	(12)	(16)	(36)	(44)
Other non-monetary capital	288		425	
Oil sector		(58)	(221)	
Government	(185)		(132)	
Kuwait Fund	(91)		(5)	
Investment institutions	(32)		(17)	
Specialised banks	(38)		(50)	
Other private†	215		613	
5—Commercial banks (net):	27			94
Liabilities	—	26	—	155
Assets	53	—	61	—
Total (3+4+5)		1,120		947
6—Reserves and related items (net):	1,120		947	
Central Bank of Kuwait (assets)	92		63	
Monetary gold	(6)	(—)	(20)	(—)
Reserve position in IMF	(112)	(—)	(48)	(—)
Other assets	(—)	(26)	(—)	(5)
Ministry of Finance‡	1,028		884	

* Debit items are increases in assets or decreases in liabilities; credit items are decreases in assets or increases in liabilities.
† Residual item, reflecting partly errors and omissions, but mostly outflow of private capital.
‡ Estimate for 1975 based on available information for the period March 31, 1975-January 31, 1976, and for 1976 based on available data for January 31 to December 31, 1976.

OIL AND GAS

Energy policy needed

[?] OF THE freezing cold [?]ng Europe and North [?]ca has tended to warm [?]arts of those responsible [?]wait's oil production and [?]s. During the past year slack world demand, [?]ally for fuel oil, it was [?]t inevitable that the State [?]l suffer a fall in the pro[?]n of its heavy sulphurous oil. In the first half of having opted for a price [?]se of 10 per cent. along the majority of members the Organisation of [?]eum Exporting Countries, it had also to face the [?]quences of the two-tier system and competition Saudi Arabia's higher [?]y oil. Maintenance of [?]t from the Kuwait Oil [?]any's fields, accounting [?]0 per cent. of the State's production last year, will [?] enduring preoccupation.

[?]t may seem ironic. Five [?] ago, primarily to extend [?]ife of its fields, the Gov[?]ent set a ceiling on output [?]. barrels a day which was [?]quently reduced to 2m. There were those in the [?]nal Assembly before its [?]ution who vociferously [?] for it to be lowered still [?]er to 1.5m. b/d—a level would meet the State's [?]nal requirements in terms [?]ssociated gas for power [?]ation and water desalina[?] as well as the amounts [?]d for production purposes re-injection into the [?]voirs.

[?]aximum

[?]licy remains to keep out[?] running at 1.8m. b/d and [?] up to the maximum per[?]d. First, Kuwait does not to lose its traditional [?]ets and large customers. [?]nd, the optimum rate [?]n the limit currently [?]sed is required if Kuwait provide even a part of the [?]tock in the form of asso[?]d gas demanded by the $1.2bn. NGL plant which [?]heduled to come on stream this year with a full [?]city designed to absorb a [?]ughput from oil production [?]o less than 3m. b/d.

[?]spite possession of reserves [?] existing KOC fields suffi[?]t to last 70 years or more rate of 2m. b/d Kuwait is [?]ely conscious that its posi[?] in the market is not good [?]pared with its neighbouring [?]s in the Gulf. KOC pro[?]s only heavy, 31 degree gravity oil. It shares with [?]lia Arabia half of the out[?] of the even less attractive degree API gravity crude [?]luced off-shore in the [?]tral Zone by the Japanese[?]ed Arabian Oil company lower gravity 36 degree but very sulphurous crude [?]n the on-shore fields [?]rated by Aminoil, until its [?]onalisation last year, all of [?]ch is processed at the Mina [?]dulla refinery. Kuwait has [?]e of the more desirable light [?]ieties to offer.

[?]audi Arabia and Iran possess [?]m—together with the power make liftings conditional on [?]urchase of a proportionate [?]ount of heavy as well. While [?] facing competition from in[?]ased output from Iraq in the [?]h gravity range, Kuwait has [?]n scrupulous in not giving [?]der-cover discounts and in [?]ing, too, to harmonise its [?]ferentials on a rational basis with its competitors within [?]PEC. Nevertheless, last [?]ptember it eventually felt [?]reed to announce officially a [?]n per cent. barrel rebate [?]ectively bringing the price [?]r KOC crude down to $12.37 [?]r barrel compared with $12.49 [?]d $12.32 respectively for the [?]uivalent Saudi Arabian and [?]anian varieties with their [?]eight advantage.

At the special meeting of [?]PEC heavy crude producers [?]eld in Geneva earlier this [?]onth the measure received [?]etrospective acceptance from [?]audi Arabia, Venezuela (whose [?]wn much bigger discounts were [?]nked to big contract commit[?]ents), Iran and Iraq—though [?]ith grudging reluctance by the [?]ast two. They also agreed to Kuwait extending credit terms [?]o its regular customers from 60 [?]o 90 days, thereby bringing the [?]er barrel cost to customers down to 7-8 cents per barrel.

Last year three-quarters or more of KOC's exports of crude (as opposed to refined products) amounting to 1.51m. b/d were accounted for by Gulf Oil, British Petroleum and Shell. As the former concessionaires and owners of KOC (which conceded a 60 per cent. majority share to the State in 1974 and their remaining equity two years ago), Gulf and BP have benefited from a 15 cent discount for each barrel produced. As a major lifter Shell enjoyed preferential 75-day credit terms.

For Kuwait it is a matter of importance that sales should continue on this scale to the three majors who, in their part, have an interest in a reliable source of supply on a long-term basis which fits in with their global refining and marketing requirements. The "locked-in" relationship was of importance to the State in the first half of last year. During the heavy lifting and stockpiling in anticipation of a price rise being announced at the end-1976 OPEC conference, the Ministry of Oil made lifting conditional upon continued commitments into the first half of 1977. This was the main reason why KOC—seemingly against the odds—managed a production level of 1.62m. b/d, which was marginally up on the same period of 1976.

Last year, as in 1976, production ran at a higher level in the second half but the average for the full 12 months was down by 6.8 per cent. at 1.78m. b/d, while exports fell by 7.47 per cent. Historically, this was the lowest level for well over a decade and in contrast to a rise of about 3 per cent. for OPEC as a whole. As the year drew to a close output went up sharply in November to 2.15m. b/d and 2.40m. b/d in December as the leading customers sought to obtain their discount which is based on fulfilling contractual obligations. Gulf was reported to have been lifting 200,000 b/d over its 500,000 b/d commitment.

Refined

The gap between KOC output and exports of crude is accounted for mainly by sales of refined products (with Kuwait's domestic consumption running at only about 30,000 b/d at present). The company's sales of refined products abroad averaged 86,693 b/d in 1977, almost at the same level of the previous year, but at very much less than the full capacity of its Al Ahmadi refinery which has a full rated capacity of 300,000 b/d, although in design it at present amounts to little more than a topping plant.

Far more advanced in terms of sophistication and its range of products is the Kuwait National Petroleum Company's facility at Shuiaba that can take a maximum of 200,000 b/d. In the January-November period of 1977 throughput of crude supplied by KOC averaged about 170,000 b/d, only marginally below the 175,000 b/d level achieved for the whole of 1976, with export sales worth 368m. Kuwaiti dinars (about $1.31bn.).

For the Neutral Zone the final outcome was far less satisfactory with production down by about 20 per cent. as a whole. Off-shore, soft market conditions, Kuwait's over-pricing of the Khafji crude and confusion created by differences with Saudi Arabia on this question led to a 43 per cent. slump in volume from 338,121 b/d to 190,520 b/d, leaving AOC with a small loss on its operation. Only this month did Kuwait finally come fully into line with the Kingdom's price for it, at $12.03 per barrel, thus closing a gap between the rates set which had been as wide as 87 cents during the period of the two-tier system in the first half of 1976.

Production from Kuwait's on-shore share of the Neutral Zone ran at about 90,000 b/d compared with the capacity of the refinery of 144,000 b/d. After several months of negotiations and failure to reach agreement on outstanding tax claims, in September the Government nationalised Aminoil, the operating concern which had been owned by the U.S. conglomerate R. G. Reynolds, and shared three fields with Getty Oil, Saudi Arabia's concessionaire. The Oil Ministry claimed $74m. in arrears mostly in respect to the changes in fiscal structure decided upon by OPEC in 1974.

Aminoil had pleaded that it should be exempted because of high operating costs and difficulties in marketing products refined from its heavy, high-sulphur crude. R. G. Reynolds report a profit of $11.9m. from $244m. during 1977 up to the time of nationalisation. In return for settlement of its claim Kuwait had been prepared to adjust a tax structure which would give the company a profit of $6.5m. on output of around 80,000 b/d. While R. G. Reynolds has requested arbitration of the dispute, the operation has been taken over by a new state-owned entity, the Wafra Oil Company, which, together with Getty Oil, has commissioned a new study on oil and gas reserves.

Overall responsibility for oil and gas is vested in Kuwait's Supreme Petroleum Council. With the abandonment of the plan for a giant corporation handling all facets of the industry KOC, KNPC, the Kuwait Petrochemical Industries Corporation—each now with their own statutes—and latterly the Wafra Oil Company are all legally separate entities. The Ministry of Oil is in charge of exports of crude oil and liquid petroleum gas although KNPC handles sales abroad of petroleum products, as well as their internal distribution. In the newly appointed Cabinet Sheikh Ali Khalifa al Sabah, formerly Under-Secretary at the Finance Ministry but previously very much involved in the formulation of oil policy and Kuwait's representative on OPEC's Board of Governors from 1974 to 1976, replaced Mr. Abdel-Muttaleb al Kazemi.

There is in the industry's structure something of a blurring and over-lapping of functions—indeed, a less than perfect co-ordination between the components may have been the reason for the change at the top. While the Oil Ministry handles the crude and LPG exports, KNPC—established as the state petroleum corporation long before the take-over of KOC—is in charge of product sales including those of KOC's Al Ahmadi refinery as well as its own Shuaiba facility. KNPC rather than KOC is undertaking a review of Al Ahmadi's modernisation.

Developments at Shuaiba include a new hydro-cracking unit (now in the start-up phase), a lube oil blending plant which is to be inaugurated in the near future, and a sulphur recovery unit scheduled for completion in the near future. A KD6m. central depot for marketing products internally, to be located near Shuqaik port, is at the design stage. In the January-November period of 1977 local sales had totalled KD19m. compared with KD20m. in 1976.

KNPC has established a joint bunkering company with South Yemen and is supplying crude oil to the former BP refinery at Aden. Having purchased one 18,000-ton vessel, it has for some time been in the market for a product tanker as part of an investment programme aimed at giving the company the capacity to transport 60 per cent. of its exports. But the four expensive LPG/NGL carriers ordered from Le Ciotat by the Government in 1974, the first of which was delivered last December, that were to have been designated to it, are now destined to join the loss-making fleet of the 51 per cent. state-owned Kuwait Oil Tanker Company. KNPC's final results for 1977 should show an improvement on the KD5m. recorded for 1976, according to Mr. Abdel-Aziz al Besairi, a deputy managing-director of the company.

Strictly speaking, KOC is an operating company responsible for supplying energy, either in the form of fuel or feedstock, to KNPC, the Petrochemical Industries Company, the Wafra Oil Company (gas to run the refinery and inject into the fields), and the Ministry of Electricity and Water. Its current exploration programme is concentrated on the wild cat well being drilled to a depth of up to 20,000 feet, below the giant Burgan oil field, to the Khuff Zone where Kuwait's main hopes of discovering new hydrocarbon resources lie. (Development of a promising off-shore gas field discovered many years ago by Shell had to be stopped because it lies in waters disputed with Saudi Arabia and Iran). The well was spudded last July but—having encountered technical difficulties—is less than half way towards its target. Confirming the general optimism, Mr. Ahmade Jaffar, chairman of KOC, says "Seismic methods have vastly improved and the indications are very good."

KOC's development programme is a very large one with the 1977-78 budget set at KD257.7m., of which KD202m. is for capital projects. It's off-shore, single-point, revolving mooring point (similar to those used in the North Sea) should be operational early next year. Its 250,000 b/d bitumen plant, the only one of its kind in the region, should be in service this summer making Kuwait more than self-sufficient in high-quality asphalt. With manpower development a high priority is building a new industrial training centre—with the 4,200 employed at present (exactly half of them Kuwaitis) expected to increase to 4,700 by 1980.

Larger

KOC runs the old BP-Gulf LPG plant with its capacity of 27,000 b/d of propane, 24,000 b/d of butane and 15,000 b/d of natural gas liquids. Two years ago it was given charge of far larger NGL/LPG plant conceived, designed and contracted in 1975 on a far larger scale.

Costing up to $1.2bn., the project should be complete by the end of the year with the first of three identical production "trains" on stream by the end of the last quarter of 1978. Bechtel are the design consultants of the construction being undertaken by Kellog (the LPG plant), IHI of Japan (field facilities, including booster stations) and Kuwait Metal Pipe Industries in association with Santa Fe (for pipe manufacture and laying). That much is simple enough. So, too, is the design capacity of the three units combined—101,310 b/d of propane, 54,970 b/d of butane and 41,250 b/d of natural gasoline.

However, achievement of such a rate will require the associated gas of no less than 1.68bn. cubic feet per day for which a petroleum output of 3m. b/d of oil would be needed. The requirement compares with an amount of associated gas generated by KOC's operations last year of 927m.c.f.p.d. of which 71 per cent. was utilised for oil production operations and power generation. The margin would have been sufficient to keep only one NGL/LPG "train" going at 50 per cent. of capacity.

R.J.

K.O.C. CRUDE EXPORTS BY DESTINATION

Destination	Barrels	%
U.K. and Republic of Ireland	81,762,365	14.77
Japan	138,437,413	25.00
Europe	142,356,163	25.71
Australia and New Zealand	10,746,561	1.94
SE Asia and Far East	122,590,583	22.14
North America	13,017,278	2.35
South America	42,367,646	7.65
Others	2,448,857	0.44
TOTAL	553,726,866	100.00

Source: Kuwait Oil Company.

K.O.C. EXPORTS IN 1977

	barrels per day	metric tons	% change over 1976
Crude oil	1,517,058	76,319,825	− 7.47
Refined products	86,693	4,476,824	− 0.50
LPG products	53,048	1,743,545	+ 1.10

Source: Kuwait Oil Company.

GAS UTILISATION

(m. cubic feet per day)

	1976	1977	% increase or decrease
Gas injected into reservoirs	127.5	93.4	− 26.75
Gathering fuel centre	172.8	177.4	+ 2.66
KOC general purposes	43.7	41.1	− 5.95
High pressure gas to the State	105.7	144.3	+ 36.52
Low pressure gas to the State	188.1	181.4	− 3.51
To Kuwait Wafra Oil Company	19.1	25.0	+ 5.40
Total utilisation	656.9	662.6	+ 0.86
Total production	995.1	927.2	− 8.83
Utilisation as a % of production	66.01	71.41	+ 5.40

Source: Kuwait Oil Company.

CAPITAL MARKET

Prudent management

THE MOST striking feature of the Kuwaiti financial community has always been its capital surplus. So it is natural enough that the main thrust of development in the Kuwaiti capital market has been towards forming national institutions which can manage the State's funds abroad, thus retaining for Kuwaitis the maximum profits from their own money. This logic has been common both to institutions established by the Government, with broad considerations of national policy in mind, and institutions set up by private investors seeking simply to exploit a gap in the market for their own profit.

The commercial banks have formed the United Bank of Kuwait, which broadly speaking is a London money market operation used to manage part of their liquid assets, which are held almost entirely abroad, together with additional funds which periodically they find themselves simply unable to lend locally. In 1964, two years before the establishment of UBK, the Finance Ministry formed its own Kuwait Investment Office in London, with the twin purposes of managing a sterling portfolio of long-term investments and overseeing the placement of the Ministry's cash holdings (spending money) on the money markets.

Resources

Other institutions formed in the 1960s and early 1970s were "the three Ks"—Kuwait Investment Company, Kuwait Foreign Trading Contracting and Investment Company and Kuwait International Investment Company—all of which draw their resources from institutional loans and deposits. KIIC, which is entirely private sector owned, has concentrated on the bond issue business and the development of an internal Kuwaiti capital market (discussed below), while KIC is known partly as the longest established Kuwaiti participant in the bond market and partly as a major direct investor in the West. Apart from its own roll-on roll-off (ro-ro) ships and various venture capital operations which it undertakes through the Swiss-based Geneve Corporation, KIC's major direct investments have been in American real estate. At present it owns Kiwa island (on the coast of South Carolina), which it is developing as a holiday resort, and a Hilton hotel and office building in Atlanta, Georgia.

Meanwhile KFTCIC, apart from its activity in the bond issue business, has developed a Third World orientation, as its founders originally intended. The funds under its control at the end of last year were made up of some $490m. of its own assets and $940m. in the portfolios of clients, principally the Ministry of Finance, and its investments include capital contributions and loans to Third World projects and participation in a host of subsidiary and affiliate companies. No easy distinction can be made between the projects and companies which are financed with its own funds and those which are financed with clients' funds. Part of the Finance Ministry's funds are received by KFTCIC in the form of an allocation to the portfolio, which the company can manage on a more or less discretionary basis. But generally the company is given money either for a specific investment which the Government is committed to already and would like KFTCIC to supervise (examples being the loan for the Port Sudan-Khartoum pipeline and the equity share in Egypt's Sumed pipeline), or in response to investment opportunities presented by KFTCIC to the Government. In the latter case there are likely to be the company's own funds as well as its clients' funds in the investment.

More recent arrivals than the three Ks among Kuwaiti foreign investment institutions have been the Inter-Arab Investment Guarantee Corporation and the Real Estate Investment Consortium, an institution which was established on the Finance Ministry's initiative with the task of managing $1bn. allocated by the Ministry for property investments in the Arab world. Lately there have been a number of small private investment companies-cum investment banks-cum-merchant banks set up for a whole range of different purposes: managing international portfolios for clients, investing and trading at home and abroad, providing advisory and consultancy services, foreign exchange dealing, bond issue management and underwriting, floating companies and general project development.

Each of the new companies has its own different emphasis in its operations, and for this reason it is not easy to divide them into distinct sub-categories. Even so, it is perhaps possible to draw a distinction between the companies engaging in domestic and international dealing and investment—notable names being the Arab European International Trading Company (ARTOC), the Euro-Kuwaiti Investment Company and, on a somewhat bigger scale, the Sharjah Group—and the companies which have a more conventional investment banking orientation. The latter have major names of the international banking community among their shareholders. But even in the second category some of the bigger institutions, including those that are best known in the bond markets, such as Kuwait Financial Centre, have moved away from strictly investment banking business into small-scale commercial banking.

Although inevitably there have been a few spectacular mishaps, judged by their purpose of taking over the management of the nation's surplus funds abroad, the overall performance of the Kuwaiti foreign orientated investment institutions has been successful. The banks and investment companies have also promoted the use of the Kuwaiti dinar as an international currency, thus eliminating the exchange risk for investors on some transactions. During the last eight years there have been some 40 issues of KD bonds, most of them now publicly traded, together with half a dozen or so private note placements and syndicated loans, and a large but unrecorded number of ordinary bank loans and private loans.

In the last year or so, however, it has gradually become apparent that the institutions in the Kuwaiti capital market are being called upon to perform a new role—as providers of long-term finance internally. The call is coming partly from big real estate developers—who are now putting up buildings of a much bigger size and a much higher quality than have been seen before in Kuwait—partly from light industrialists, and partly from the bigger Kuwaiti trading houses, which wish to expand the scope and quality of the services they offer.

For many years there has been a rudimentary stock exchange in Kuwait, which has meant that the raising of equity capital by promoters who wish to launch public companies has not been too difficult. But at the same time the banks have never been inclined to complement the work of the stock exchange by making long-term loans. Apart from being innately conservative institutions, they have been hampered by the short-term nature of their deposits and, more recently, by the tough liquidity regulations imposed upon them by the Central Bank. Much of the longer term money that has been available the banks have lent in either dollars or dinars to foreign borrowers with whom the 7 per cent domestic interest rate ceiling did not apply. Until this ceiling was replaced by a de facto 10 per cent. limit in 1976, it was more or less impossible for a domestic borrower to raise his own long-term dinar funds, and even under the new conditions of the last 18 months long-term dinars for both domestic and foreign borrowers have remained expensive simply because of their being in short supply. The very steep yield curve which applies to deposits in Kuwait seems to have had little effect in inducing depositors to place their money longer term.

Solution

A partial solution to these problems was provided in 1975 by the formation of the Industrial Bank of Kuwait, though obviously this institution can only meet the demand of one category of borrowers. Nor has the recent arrival of the private investment companies-cum-merchant banks provided an answer. Although some of these institutions are prepared to make medium or long-term loans (often to borrowers whom the commercial banks would be less enthusiastic about), the amounts of money at their disposal are extremely small.

So it is not surprising that during recent months a number of Kuwaiti borrowers have gone to the international markets to raise medium or long-term finance through small syndicated loans. In different forms the Alghanim companies have raised two such loans, and the Bahar merchant group has raised one. The National Real Estate Company raised a loan through KFTCIC and the National Bank, which was provided in part by foreign sources; and there have been several other instances where loans have been managed by Kuwaiti institutions but provided mainly from outside.

So far the response of the Kuwaiti capital markets to these developments has come in the form of two innovations, both indirectly related to the problem, but both significant. First, the Industrial Bank and KIIC have formed the Arab Company for Trading Securities (known as ACTS), with the purpose of creating an active secondary market for KD bonds, and thus, as a side effect, making the raising of long-term loan capital on the primary market easier and cheaper.

Primary

Before the arrival of ACTS in April, 1977, the primary market for KD bonds was fairly large (as explained above) even if it was confined almost exclusively to foreign borrowers, but the secondary market was almost non-existent. Generally the Kuwaiti managers would quote prices for the issues they themselves had managed, and the Alahli Bank used to publish its own list of quotations, but in both cases the quotes were marked by a big gap between bid and offer rates. It was hoped that the two Industrial Bank bond issues in 1975 and 1976, both of which were eligible for discounting at the Central [illegible] (which made it feasible [illegible] to carry a much lower [illegible] usual interest rate), would themselves help the evolution [illegible] a secondary market. But [illegible] problem was that the bonds [illegible] so attractive as discount[illegible] dinar assets that they [illegible] steadily bought up by the [illegible] without there being much [illegible]tunity for their being trad[illegible] helping to create ACTS as [illegible]ponse to this problem, IB[illegible] acting very much with[illegible] original terms of refer[illegible] which included as a specifi[illegible] the creation of a secon[illegible] market for bonds.

The main business of [illegible] has been to make a mark[illegible] all types of dinar bonds, in[illegible] and external. In other word[illegible] company does not simply [illegible] the orders of buyers and se[illegible] it guarantees to buy any [illegible] at the price it quotes. In add[illegible] to this it makes a market [illegible] new tranche certificates [illegible] deposit and tap CDs (disc[illegible] below) and operates as an [illegible] for the issuers of tap CDs. [illegible] intended that in future [illegible] should make a market in se[illegible]ties denominated in other [illegible] Eastern currencies, and al[illegible] it quotes prices for three d[illegible] issues made by Arab borro[illegible] But otherwise its activity to[illegible] in non-KD issues has been [illegible]fined to trading on its [illegible] account.

In just ten months of op[illegible]tions, ACTS has already [illegible] some impact on the Ku[illegible] market. The narrow sp[illegible] between its bid and offer qu[illegible]tions — half a per cent. — [illegible] made dealing attractive, [illegible] turnover has now gone u[illegible] some millions of KD per w[illegible] Bond prices have also incre[illegible] significantly, by some 3 per c[illegible] —though this may be as mu[illegible] measure of the fact that a lo[illegible] medium-term bonds are [illegible] nearing maturity as of the [illegible]

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FOREIGN POLICY

A careful neutrality

MOST of the salient of Kuwaiti foreign ere lies the fear of a small and militarily y impotent state of its ıwerful and mutually ıl neighbours. Kuwaitis ver forgotten the cir- es in which they be- ependent in 1961: how. ely after British with- the revolutionary re- General Qasim in Iraq n old territorial claim state, whose integrity preserved by the in- n first of a British m of an Arab League it.

ipprehension accounts Kuwaitis' desire to keep with everyone, both in world and outside it: ugh Kuwait has tradi- trong links with the is also cultivating links e Communist bloc. r example, is becoming asingly important trade and Kuwait is financ- ird of the $500m. cost eline running from the ian coast through to Czechoslovakia. ars also to a large ex- ount for the Kuwaitis sm for Arab unity, thusiasm for mediating ab disputes and their ce to take sides in For should they join in any argument, it is iat one at least of their l neighbours will be on r.

...ute

in accordance with this that they have main- a careful neutrality in ute between Egypt on hand and Syria and the steadfastness" status on ther, resulting from it Sadat's initiative in o Israel. Whether the s regard President action as in itself a nove is uncertain, and re probably differences in the Government. The ng consideration for s that it has harmed ity. By the same token, ... they regard the Syrian reaction as hav- rther damaged Arab and thus being equally able.

ver, although they are that the Egypt-Syria ould be healed, there is nediate prospect of their ting mediation, as, to- with Saudi Arabia, they the earlier Egypt-Syria following the second accord in September. At the moment, the is consider such a move ure: Mr. Abdul-Aziz Hus- Minister of State for t Affairs, said earlier month that the policy is initiate such moves until s is assured.

ould naturally be particu- awkward for Kuwait to y any strong sympathy for ent Sadat, as their st fears are still of the ly rejectionist Iraq, with adical socialist Ba'athist e. Relations with Iraq ill bedevilled by a border e, with the Iraqis claim- erritory on the islands of ah and Bubiyan, which are ucial importance to Iraq. ey control sea access to its on the Shatt al Arab con- ce of the Tigris and rates rivers. Small clashes frontier posts in 1973, and then Iraqi border incursions following the closure of the Kuwait National Assembly in 1976, have helped keep alive Kuwaiti fears.

Last July, following the visit of a high-level Iraqi delegation to Kuwait, the Kuwaiti Interior and Defence Minister—now Premier—Sheikh Saad al Abdullah, visited Baghdad. Both countries agreed to withdraw their forces from the border, and it was agreed that a joint ministerial committee should meet regularly to continue the talks. Subsequently, the Kuwaitis reopened the border with Iraq, closed since 1973, and there was widespread optimism that some solution to the dispute would be found, probably on the basis of the Iraqis conceding Kuwaiti sovereignty over the islands, but leasing them from Kuwait. However, no meetings of the joint ministerial committee actually appear to have been held, and prospects for a solution appear to have receded.

It was partly the anxiety caused by the 1973 border dispute that led to the Kuwaitis embarking on their current massive armaments programme. In 1973, an additional KD420m. was allocated for arms expenditure, in addition to the normal budget for the armed forces, supposedly for a seven-year period. However, by 1976, owing to inflation, the money had run out, and a further KD800m. was allocated.

Very much as a matter of policy, Kuwait has been diversifying its arms supplies. Mirage F1 jet fighters are being bought from France to replace the earlier British Lightnings. The U.S. is supplying Skyhawk bombers and Hawk anti-aircraft missiles. The U.K. is supplying 165 Chieftain tanks. Negotiations are also continuing, and expected to be concluded successfully, for a small fleet of missile-carrying Vosper-Thorneycroft patrol boats. The Kuwaitis are also known to have bought Soviet Sam-7 and Frog missiles, as well as small arms. This purchase, however, originated from a gesture of non-alignment by the now-defunct National Assembly and further purchases from the USSR at this stage are not expected.

Whether, even with all this sophisticated equipment, Kuwait's 10,000-strong armed forces will be of much help against any possible invader is uncertain. The theory is that, although they could not stop an invader for long, they would provide some kind of deterrent and, much more important, give Kuwait enough time for one of its allies to come to its aid, diplomatically or even militarily, before it was totally overrun.

In some respects, the modernisation of the Kuwaiti armed forces appears to be going well. Kuwaiti pilots training in the U.S., for example, are reported to be among the better of the foreign pilots trained there. The Bedouin who makes up most of the rank and file of the army are good soldiers. However, there are a number of serious problems. One lies in the very diversity of the weaponry, and thus of training personnel and methods. Besides nationals of the countries supplying the weaponry—apart from the USSR — Egyptians and Jordanians are also active in training.

A further problem concerns the officering of the army. The Kuwaiti officers tend to lack rapport with their men, and to have a rather part-time attitude to their work, leading one foreign observer to note caustically that the Kuwaiti armed forces would only be of use "before one p.m., on weekdays." There is a further problem also in the tribal, personalised nature of Bedouin loyalties, which do not really provide the kind of discipline required for running a modern army.

Manpower

There is also a lack of skilled manpower generally, and specifically of the skills required to maintain sophisticated equipment. And then there is the fundamental manpower problem, that simple lack of people makes it very hard to increase the Kuwaiti armed forces much beyond their current strength. Thus, while some observers are still hopeful that Kuwait may eventually develop the capacity to hold an aggressor off for seven to 10 days, many still think that their delaying power would be more likely to be hours rather than days.

The guarantee of Kuwait's security, in fact, lies not so much in military preparedness as in the fact that neither Iran nor Saudi Arabia would be prepared to tolerate an Iraqi takeover even if presented as a fait accompli as a result of a successful lightning military manoeuvre. Kuwait's relations with both the former states continue good: although the long-standing border waters dispute with Saudi Arabia took a turn for the worse early last year when the Saudis occupied the islands of Umm al-Maradem and Gharo, neither this nor the disagreement over oil prices at the December, 1976, OPEC meeting have seriously affected the close co-operation between the two countries.

In accordance with its enthusiasm for mediation, and its desire that everybody should be friends with everybody else, Kuwait has played a prominent part in the continuing diplomatic contacts and manoeuvrings connected with the rather nebulous notion of "Gulf Security." However, although there is a certain amount of talk about keeping the super powers out of the Gulf, and the Kuwaitis are always anxious to avoid discord between different states in the area, such meat as there is in the concept lies more in co-operation against terrorism and subversion, which already exists on an informal, though not ineffective basis.

Any formal accord—such as Iran would like—looks a very remote prospect. So also at the moment does an objective much dearer to the Kuwaitis: the breaking down of economic barriers to make possible the formation of a Gulf Common Market with a measure of co-ordination in economic policy. Such a development, to allow the growth of a wider market, and also allow Kuwait to develop further as an entrepot and services centre for the Gulf, is an important component of Kuwaiti planners vision of the long-term future of their country. They are confident that in the long run economic pressures will make it inevitable, but at the moment it looks still a very long way away.

David Habakkuk

Prudent

CONTINUED FROM PREVIOUS PAGE

liquidity which the existence of ACTS has given to the bonds.

Furthermore the existence of an active secondary market is already having an impact on the primary bond market. In response to the increased liquidity, the setting of coupons on new issues is becoming a much more elastic pricing exercise based on the performance of the market. Those closely involved in the business say that they can already envisage the beginnings of coupons falling and maturities lengthening for the right borrowers.

Also related to the existence of ACTS and promoted as an idea by KIIC have been the recent issues of dinar CDs. These were introduced in October by the Gulf Bank, which issued three CD tranches via KIIC with maturities ranging from one to two years and coupons ranging from 7 to 7¾ per cent. In December the Kuwait Real Estate Bank issued some more tranches with slightly longer maturities, and in January there was a further extension of maturities in the Commercial Bank issues. At the same time the Industrial Bank and the Gulf Bank have started issuing tap CDs, with maturities tailored to the individual customers' requirements, which can be purchased either direct from the issuing banks or via ACTS.

The prospects for further issues of CDs look good. Although the Central Bank will not discount CDs or regard them officially as a liquid asset (until they have just a month to run), the authorities are now thinking of changing their reserve requirements to exclude from the calculations deposits placed with the banks for more than one year—and probably the only way for the banks to get funds of this duration will be to issue CDs.

In the medium term it is reckoned that one of the benefits of having Kuwaiti CDs will be to flatten the present very steep yield curve, which has developed as a result of the shortage of long-term deposits. In theory the fact that CDs are tradeable and liquid should bring about a fall in long term CD rates relative to short term rates, and this in turn will have its impact on the banks' rates for ordinary deposits. The end result should be to lower the cost of long-term finance on the market for both local and international borrowers.

While the Kuwaiti bond and money markets have been witnessing relatively exciting new developments during the last 12 months, the performance of the stock exchange has been depressing. Since late 1975 there has been a 25 per cent. fall in the market, which is made up of 33 stocks—namely 11 industrials, three real estate companies, four transport, three services, three investment companies, three insurance and six banks. When the new formal stock exchange was opened in the early part of last year there was a brief rally, which raised hopes that the fall would be halted and that the existence of a proper floor would lead to a stronger, if less wildly speculative, market. These hopes were disappointed, and, anyway, the change in the organisation of the market last year was more one of appearances than of actual substance.

Although there is now one floor concentrating all the brokers in one place together with big price boards showing the numbers of shares and the price of each transaction, the new stock exchange regulations have yet to receive the formal approval of the authorities. Meanwhile, the methods of dealing have remained unchanged. Buyers and sellers meet in the brokers' offices and negotiate directly with each other, or alternatively a broker will buy shares on his own book and then telephone around until he finds a customer. Very occasionally he will telephone another broker—though this will mean he will get only one commission instead of two.

The continued fall in the market during the latter half of last year meant that by December a large number of Kuwaitis who had been involved in the more speculative and higher leveraged transactions were nearing bankruptcy. Consequently the Government, in keeping with its traditional policy of using its oil revenues as an instrument for the enrichment of Kuwaiti citizens (who are the only people in the State who are allowed to buy shares), announced a set of support prices at which it would undertake to step into the market (through KFTCIC) and buy. At first this operation was applied to just a few stocks, but since mid-January all stocks have been made eligible for support, and to date the Government has pumped KD125m. (about $450m.) into the market.

Apart from preventing socially disruptive losses, the Government's sole intention in mounting this operation was to provide a basis for the recovery of the market—not to build up large permanent holdings of stock. Although it will not be possible to say whether the market has really turned for another month, some share prices have already risen significantly, which must mean that on paper the Government has made a profit on some of its purchases. So when the state eventually decides that the market is stable enough for it to divest itself of its holdings, it will be interesting to see whether there is an outcry against the State making a profit at the expense of private investors.

Michael Field

PROPERTY

Major benefit of oil

THE KUWAITIS think of property in the same way that the Victorians did, as something sacrosanct, inviolable and indicative of a man's standing in society. Property—and specifically land—has been the major mechanism through which the Government has cut in Kuwaitis on its oil wealth ever since it embarked in the early 1950s on the policy of building the ultimate welfare state for its citizens. As a matter of principle the Government policy has been to buy expensive land from the public and sell back cheap land, and for the purposes of building houses on the land they have bought, the poorer Kuwaitis are entitled to cheap loans from the Credit and Savings Bank. During the 1970s land buying has become a rather less important factor in the Kuwaiti economy, but in the 1950s and 1960s the land allocation was one of the biggest items in either the development or the current budgets.

Foremost

The result of this system has been that in the minds of Kuwaitis property has come to be seen as one of the foremost benefits of oil. Property is tangible and reassuring in a way which bank deposits and shares are not. It is the first investment Kuwaitis make when they have accumulated some capital at home, and it is certainly the first investment they make when they go abroad. Most important is that only Kuwaitis may own property in their own country. This not only sets them apart from the mass of other Arab immigrants, but it means that seven out of ten Kuwaitis receive some sort of private income from rents.

Given this environment, it follows that Kuwaitis do not necessarily think of property development in the same economic terms as do Europeans. For example, to calculate the value of raw development land in Europe, the buyer or seller might start by taking the capital cost of whatever building he wants to put up, calculate what rent he can expect to get, and work out his likely operating costs and what profit he would consider to be satisfactory on his investment. Then, by deducting his total costs and profit from his anticipated rents, he would arrive at a residual figure which would be the value of the land. But if this procedure is followed in Kuwait, or anywhere else in the Arabian peninsula, one will arrive at a figure which is way below the current value of land in the market.

It seems, therefore, that the Arab belief is that the land bought for a development project is a separate investment in itself, which will "inevitably" increase in value in time, and which should not be expected to yield a return except when it is sold. It must be this attitude which accounts for the fact that land values in all the oil states are so extraordinarily high, because by any standards which take the cost of land into account, the current return on property developments would not be particularly attractive.

One explanation for this philosophy may be that, whereas land is permanent, in the past the buildings put up on it by developers have often been structures which can be written off in three or four years and will fall down in ten. Enormous areas of the centre and outskirts of Kuwait and other Arabian Peninsula towns are made up of buildings which are appallingly nondescript, not to say shoddy, and in a bad state of repair.

But, in the past four or five years there has been a marked improvement in the quality of many of the big new developments in the centres of towns in the Gulf and Saudi Arabia — suggesting, rightly, that some landlords are beginning to take pride in the aesthetics of their developments. Alternatively they may have been aware that the days of ludicrously easy money in property were not going to last for ever (they have now more or less come to a close already) and that the time was going to come when they would have to compete with other landlords for tenants.

Quality

A lot of the best known recent examples of really high quality office blocks being put up for letting are in Bahrain, but in Kuwait there are some particularly fine buildings built by institutions for their own use. The building which is often put forward as being the most inspired piece of architecture in the Middle East is the headquarters of the Kuwait Fund for Arab Economic Development, but other extremely attractive buildings are the offices of the Gulf Bank and the Commercial Bank. Already there are just a few parts of Kuwait City whose prospect is quite impressive, and when the current batch of hotel, office block, car park and shopping centre developments is complete, the whole appearance of some of the commercial areas may be transformed.

Much of the new building is being financed by the three public real estate companies—Kuwait Real Estate, United Real Estate and National Real Estate—together with some half a dozen private closed shareholding property companies.

The Kuwait Real Estate Consortium is owned by all the property companies and other financial institutions. It was founded in 1976 on the initiative of the Finance Ministry to manage the investment of dollars $1bn. which it is the Government's intention to channel into real estate developments in the Arab world. A roughly similar company is the Kuwait Properties International Company, owned by the Real Estate Bank and the Bank of America, which acts as a trustee for people wanting to invest money in real estate in the United States. And lastly there is the Kuwait Real Estate Bank, a public company one of whose founder shareholders was the Kuwait Real Estate Company.

In a sense the bank which does not invest in property itself acts as a link between the public and the real estate companies. Whereas the companies are obliged by their charters to rely on bank loans for finance, the Real Estate Bank takes deposits, part of which it then lends to the companies. As long as its loans are secured on real estate, the bank will lend for almost any purpose, though generally speaking its loans are for large sums and are not intended to finance private houses (which can be built with credit and savings bank money), or the purchase of land which is not going to be developed. Still, the fact that its average loan is $350,000, while its customers are by no means all investment institutions, is a testimony to the enormous wealth of the individual Kuwaiti property developers.

Michael Field

INDUSTRY

A widening base

OIL-BASED projects still contribute an overwhelming share of Kuwait's total industrial output even though its base has been widened and diversified over the past decade. Between them refined petroleum products, natural gas liquids and fertilisers are worth more than double the output of all the other Kuwaiti industries put together. This is not an indication of failure in the other industrial sectors, because over the last 15 years the Government has succeeded in encouraging, and in some cases actually launching on its own initiative, a large number of medium and light manufacturing industries, some of which are now major exporters. Rather it is a measure of the vast scale of the Kuwaiti oil industry in all its aspects.

At the base of Kuwait's industrial structure are its two main export-orientated refineries, which give it a large capacity in terms of its oil production. The old one at Al Ahmadi with a maximum throughput of 300,000 b/d but a design which makes it little more than a topping plant may be modernised. The more recent refinery at Shuaiba owned and run by the Kuwait National Petroleum Company has a full rating of 200,000 b/d. The aim obviously has been to maximise the return from oil by obtaining the added value from the export of refined products.

Throughput

The marketing problems encountered can be seen from the fact that throughput last year at Al Ahmadi was only 100,000 b/d, though Shuaiba, up to to the end of November, ran at an average 175,000 b/d. The new cracker now being started up will reduce the proportion of fuel oil from 25 per cent. to 10-15 per cent. Efforts are being continued to expand sales to Asia and the Far East where KNPC's main markets are. But with the build-up of new capacity elsewhere in the Gulf, for KNPC, which also markets the Al Ahmadi products, to maintain, let alone increase sales it may have to look to West Europe where the established refineries must have the competitive advantage.

Marketing problems also seem likely to affect the natural gas liquids plant (referred to in Kuwait as a liquid petroleum gas plant), which is now being built next to the Ahmedi refinery, and which in a few years' time may be just one of half a dozen such plants on the southern shore of the Gulf. There is already one 35,000 b/d export orientated NGL plant in Kuwait, which is operated by KOC and has its output marketed by the Ministry of Oil, and the new plant, which will be joined to it, is going to expand the country's NGL capacity to just over 230,000 b/d.

Ironically the Government's marketing problems are going to be much reduced by the fact that the new NGL plant was originally designed in the days when Kuwaiti oil production was running at 3m. b/d, and now that production seems to be set at some 2m. b/d, the plant could only run at a maximum of two-thirds capacity if all the associated natural gas was made available to it. The Kuwaiti plant is going to be the first of the new generation of Gulf plants to come on stream, when it commences operations at the end of the year, and this means that it may be able to establish itself in the market before its competitors begin production. The process of negotiating firm contracts with an initial group of buyers is currently under way in Kuwait.

Assuming that the new plant is able to sell some 135,000 b/d of NGL it should earn revenues of some $550m. annually, which compares very favourably not only with the added value in oil refining, but also with the net foreign exchange revenues that could be expected from steel and aluminium smelting, both of which were once considered by Kuwait but have now been put aside. This is not to suggest that the smelters would have been fuelled by the same heavy gases that the NGL plant will be processing, or that per unit of gas consumed the return from an NGL plant is (or is not) higher than the return from a smelter. It means simply that in a State where a very major constraint on industrial development is the need to import foreign labour, an NGL plant employing 600 people (60 per cent. of whom will be Kuwaiti in this case) will produce vastly more profit and foreign exchange than a steel mill employing 1,000.

The foreign exchange revenues from the third and last of the heavy industries on stream or under construction in Kuwait—fertilisers—work out at something in between the revenues that are expected to be earned by the NGL plant and those which would be yielded by a steel mill. But they are, nevertheless, subject to considerable fluctuations. For instance, in 1975 the revenues of the Petrochemicals Industries Company (PIC) came to $185m., whereas in 1976 they totalled just over $90m. It is true that these figures include the revenue of a small salt and chlorine plant in Kuwait and PIC's share of profits from a fertiliser plant in Turkey, but in the main they reflect changes in the market for fertilisers, which make up the bulk of PIC's output.

Whereas urea, which following a recent expansion accounts for 1m. tonnes a year of the plant's capacity, was selling at $335 a tonne in 1974, in 1976 it was down to $110 a tonne. Likewise the once buoyant market for ammonium sulphate (which together with ammonia accounts for most of the rest of the plant's remaining 650,000 tonnes a year capacity) has recently become so depressed that in 1976 PIC shut down its production of this chemical altogether. And in the following year it did the same with its small sulphuric acid unit. Both these parts of the plant are still shut down. The problem for PIC is that whereas most producers of ammonium sulphate get this chemical as a by-product from other operations and are therefore prepared to sell it at more or less any price offered, PIC runs its ammonium sulphate line as an operation on its own, which becomes uneconomic in adverse market conditions.

Increased

Quite apart from PIC's marketing problems, which may perhaps have been increased by the fact that the Kuwaitis decided to manage their own sales rather than involve foreign companies, the fertiliser plant has at times been forced for technical reasons to run rather below its full capacity but with output seldom falling below 75 per cent. of capacity (100 per cent. being based on the usual industrial year of 330 operating days). PIC's problems in this area have not been nearly as bad as those of the fertiliser plants of Saudi Arabia and Qatar.

For the future PIC is now planning an aromatics complex which will produce some 300,000 tonnes a year of benzene and xylene for which the company expects to find fairly easy markets in the industrialised world. Original Government approval for the plant was given in December, 1976, but since then the Government has decided that it would be expedient to invite the other Arabian Peninsula oil producers to participate—partly for political reasons and partly because Kuwait is anxious to promote co-ordination in the oil producers' industrial development, so that 10 years hence they will not be competing viciously with each other in a market which they themselves have saturated.

The replies that the Government has received have been generally positive, and it is now considering relaunching the project with a multinational ownership. A formal decision is expected in about six months at which point, with feasibility studies already completed, the project will be put out to tender. Meanwhile it has definitely been decided not to involve the American company W. R. Grace, which was originally going to have a 20 per cent. equity stake. The Kuwaitis have decided that since aromatics are not difficult to market, and the production process is not so different from that involved with ammonia (with which they are already experienced), they do not have any need for a foreign partner.

For the slightly more distant future there are indefinite plans for an olefins complex which would run off ethane from the NGL plant and would produce polyethylene. Feasibility studies for this plant have been completed and are now being studied. In the next stage it may well be that the Government will again sound out its neighbours on a multinational project.

Compared with the oil and

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FOREIGN TRADE

The pace moderates

HAVING both a infrastructure and s who have for some well accustomed to things of life, no s quite the unbridled n for imports of, for Saudi Arabia. In the last year, in addition, ors have somewhat he growth in import First, there has been ustion of the frenetic .975-76, which has left pliers with excessive s and a rather dis- ate feeling of gloom.

and linked, there has fall in the re-export audi Arabia, Iraq and vait's role as entrepot enly grown sharply. ult of the boom in ntries, combined with ne of the port of lth cigarettes, cement rical products in par- ing re-exported. As wo categories of pro- frequently smuggled, to estimate how far in them has now But, owing, among gs, to the clearing of at Jeddah and the reduction of rette tariffs, and the aturation of the Iraqi t is thought to have alved since 1975.

ld, however, Kuwait's for imports has in- narkedly since 1973 nues to do so with idity. According to tatistics, imports rose 311m. in 1973 to in 1976, with the ates of increase for 1974-75 and 1975-76 52 and 40 per cent. ly. Probably rather able OECD statistics ers exports to Kuwait cent. of Kuwaiti im- 1976—show these in- n dollar terms by 49 per cent. in both 1974-75 and 1975-76.

Moreover, they show imports to Kuwait from the OECD countries for the first three-quarters of 1977 at 39 per cent. above the level for the same period last year. And if in the next few years the Kuwait market does not expand as fast as it has in the past, a substantial measure of dynamism can be expected to be provided by the continued massive construction and public utilities projects.

Housing construction, for example, is proceeding apace, with the Government planning to build something like 22,000 middle income, and 14,700 higher income houses by the early 1980s, as well as 10,000 houses for people on low incomes to be completed by 1979. There are also a large number of public buildings either under construction or planned, ranging from the Sief Palace extension and new Ministries complex—being built by Energoproject of Yugoslavia—to a *National Theatre* and State Mosque. There is also a good deal of private sector building aimed at renovating and extending office space.

Expansion

A large-scale expansion of electricity generating capacity and water desalination facilities is also under way. Between 1975 and 1990 it is expected that demand for electrical power will have approximately quintupled. *Thus tenders are* expected shortly for a second *Doha B power station*—to supplement the Doha A station under construction — and a nuclear power station is envisaged for the 1980s.

Meanwhile, it is thought that a decision may be taken during the next few months to build a completely new town across the bay from Kuwait City at Subiya, which might eventually house up to 500,000 of the 2.75m. population expected by the year 2000.

Infrastructure work on this project might start in the fairly near future. And apart from the specific question of if and when a major new population centre is started, the expansion of population in the next two decades will create a steady *demand for the provision* of infrastructure and services.

Although simpler projects—schools and shopping centres *for example—frequently go to* local contractors, much of the contracting work goes to foreigners. Projects which are labour intensive tend to go to Third World contractors: Indian, Pakistani or Korean companies for example, which can provide their own cheap *labour, which will then leave* Kuwait without exacerbating its population problems, take much of this kind of business.

More sophisticated contracts, however, provide opportunities for, in particular, Americans, Japanese and Germans. Thus, for example, the lion's share of contracts for the massive new LPG plant scheduled to *come on stream* this year has gone to U.S. companies: and the *Doha A power station is being* built by Japanese firms, with some generator sets also being provided by Brown Boveri. There are an increasing number of consultancy contracts, and also a growing tendency to award management contracts to, for example, a U.S. contractor, who will then put together a package, buying expertise, *goods and labour where they* are cheapest. Although U.K. *firms are now showing* more interest once again in the Kuwait market, their bids tend still to be too high for them to get any significant construction contracts. The construction market in Kuwait is notably tough, without the easy profit margins which have characterised, for instance, certain consumer sectors.

In keeping with the substantial number of projects under way, imports of machinery and transport equipment, having *made up 34 per cent. of the* value of imports in 1973 and 1974, were 45 and 42 per cent. respectively in 1975 and 1976. Imports of manufactured goods meanwhile, were buoyant in 1976, their value rising from 31 *per cent. of total imports* in 1975 to 36 per cent. The value of food products as a percentage of total imports continued to fall, from 15 per cent. in 1975 to 12 per cent. in 1976, although the absolute value of such imports continued to rise.

Demand

Kuwait's demand for consumer goods is not likely to go on growing at the rates of the past few years, since a degree of saturation has clearly been reached. However, some small measure of dynamism will still be provided by population increase, and it is hoped that the *massive construction spending* may help to generate some buoyancy in the consumer market. Against this, however, the dramatic rise in rents over the course of the past few years may actually have reduced consumer spending by some sectors of the non-Kuwaiti population.

Having the highest car-*ownership per capita* in the world, with a total of around 350,000 cars—and a population which changes cars frequently—Kuwait promises to continue as an excellent market for car exporters. The market is to a large extent dominated by U.S. manufacturers — frequently bringing in their European models—but Japanese producers have been *moving* recently to provide rather smaller and cheaper models, particularly for the non-Kuwaiti population, and West Germany is also a substantial supplier. In electrical consumer goods, the U.S. is disqualified by the difference of electrical cycle, and although European countries sell a certain amount to Kuwait, *the Japanese have* increasingly come to dominate the market.

Japan, in fact, has emerged as Kuwait's most important supplier, although in 1975 the U.S. managed, for the first time since 1971, *to supplant it*. In 1976, according to Kuwaiti statistics, 20.8 per cent. by value of Kuwait imports came from Japan, with 14.6 per cent. coming from the U.S. With Japanese exports in the first three quarters of last *year having risen, according to* OECD figures, by 36.6 per cent., while U.S. exports had risen by only 16 per cent., this Japanese lead was clearly consolidated substantially last year. In competing, U.S. companies are at a further disadvantage because of the Arab boycott of Israel—boycott language *written* into Kuwaiti letters of credit frequently makes them legally unacceptable to U.S. firms.

Having, for the last 15 years, been pushed back into the position of Kuwait's fourth supplier, *behind West Germany* as well as the U.S. and Japan, *Britain last year appears to have* staged something of a comeback, with exports growing to £250m. from £150m. in 1976, a dramatic 66 per cent. rise. This success was achieved mainly on the basis of heavy electrical machinery, *textiles* — in particular ready-made clothes — and spares for *mechanical appliances*. Whether this relative comeback can be consolidated remains to be seen. There are some hopes that British contractors, who for years have abandoned the competitive Kuwait market, may manage to pick up at least a little of the vast volume of contracts to be had in coming years. Certainly there is renewed *interest among some British contractors* — but whether they can overcome the traditional obstacle of uncompetitive prices remains uncertain.

David Habakkuk

Widening

CONTINUED FROM PREVIOUS PAGE

gas-based industries mentioned so far, the manufacturing industries of Kuwait are small. The sector is dominated by some half a dozen important and successful plants, most of which provide not only all of the home market's needs but a sub*stantial surplus for export* as well. These are owned by Kuwait Metal Pipes, Kuwait Cement Company, the National Industries Company (which has various subsidiaries producing soap, car batteries, detergents and bricks), Kuwait Prefabricated Buildings, Kuwait Flour Mills, which produces not only flour but such products as *macaroni as well, and Dresser* Kuwait, which manufactures and exports drilling mud.

Apart from these companies, the bulk of industrial investment has been focused on obvious import substitution industries with large domestic markets. Between its start up in 1974 and the end of last year, the Industrial Bank of Kuwait *lent 43 per cent. of* its total advances to construction materials projects, with total costs estimated at \$200m., 27 per cent. to metal products and engineering industries, and 11 per cent. to chemicals projects. Total *advances over this period* came to \$230m.

Pattern

A similar pattern of investment is apparent in the list of plants which came on stream in 1977 or are due on stream in 1978. These *include* some cement block companies and tiles *plants*, an aggregate crushing and quarrying business, paper and polythene bags plants, an electrical assembly plant manufacturing simple items such as plugs, and *several* factories manufacturing wooden *and metal furniture*. All these smaller companies, and most of the other Kuwaiti industries, are located in Shuwaikh, the industrial western suburb of Kuwait city. The heavier industries are in Shuaiba, which has the petroleum based industries, together with Kuwait Cement, United Fisheries, Dresser and the Kuwait Industrial Refinery Maintenance and Engineering Company.

One way or another most *Kuwaiti industry has developed* in response fairly direct government encouragement. The industrial companies established in the early 1960s (Metal Pipes, National Industries, Flour Mills and Cement) were mostly *started with a big Government* shareholding, which the Government later sold off to the private sector once the companies had proved themselves success*ful. (This process has been* operated in reverse with unsuc*cessful or strategically* important companies such as KNPC and the Kuwait Oil Tankers Company).

Exemption

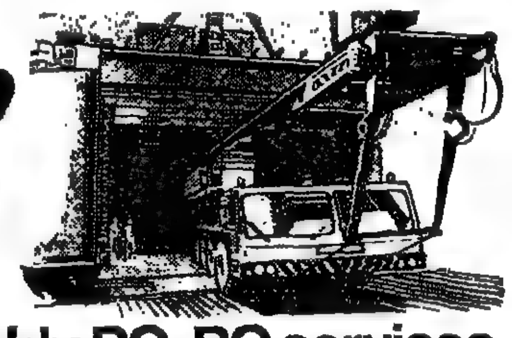
To stimulate industry in the 1960s, in 1965 the Government passed the Industrial Law, which gave companies exemp*tion from the normal 4 per* cent. tariff on their imports of plant *and raw materials*; 15 per cent. tariff protection for a maximum of ten years; cheap leases, water, electricity and gas; and in some cases a de facto monopoly, if the Government considered that the market was *too small to justify its licensing* more than one plant for a par*ticular product*. More recently a further stimulus has been given to industry by the creation of IBK, which lends long term to industry at an interest rate of only 4 per cent. Apart from granting loans IBK will actively develop and promote project ideas and carry out its own feasibility studies.

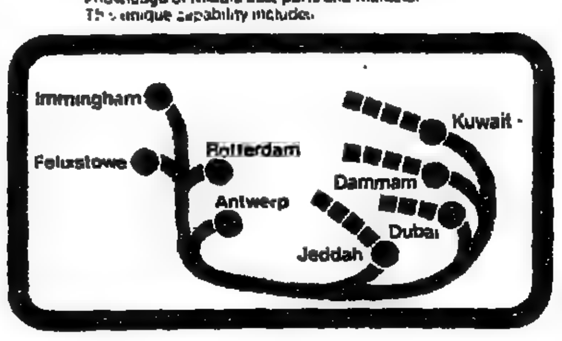
However, it is now felt both in Government circles and in IBK that the time has come for a change in emphasis in industrial development strategy. The reason is that in terms of purely internally orientated industries, Kuwait's industrial development must now be fairly complete, although in ten years time, when the various first and second stage *petrochemical* plants being built in the Middle East are complete, there may be scope for a further batch of third stage petrochemical product manufacturing operations.

At the Government level this realisation—which the Kuwaitis have come to rather before *their less developed neighbours*—has manifested itself in the considerable emphasis which the Government is putting on regional co-operation. In the last few years the Kuwaitis *have* argued strongly in favour of the *creation of a Gulf common mar*ket, embarked on one or two *multinational projects* such as the Bahrain dry dock and joint cement plants with the Saudis and Omanis, and given moral support to the embryonic Gulf Organisation for Industrial Consulting headquartered in Doha, *Qatar*.

Meanwhile the Industrial *Bank, acting in accordance* with the terms of its charter, is beginning to think of promoting regional projects which can take advantage of economies of scale which are denied to purely domestically orientated plants. *The projects need not* necessarily have Kuwaiti equity to *qualify for a loan*; IBK will back them even if they are geared simply to selling in Kuwait. This remarkably generous policy, which in part amounts to supporting the development of other Arab countries and subsidising the profits of non-Kuwaiti companies, gives a *good indication of just how* sincere the Kuwaitis are in their search for regional industrial co-ordination.

M.F.





AID

Wider base for lending

LONG BEFORE the oil price explosion, Kuwait, which was *the only oil producer to have* a substantial surplus before 1974, had pioneered what is now the classic method of transferring development aid to less developed countries. The Kuwait Fund for Arab Economic *Development*, established in 1961, has served as a model for other bilateral and multilateral aid institutions in the Arab world and beyond, quite apart from having disbursed enormous sums of money. And Kuwait was also instrumental in founding, is the largest contributor to, and is the site of the Arab Fund for Economic and Social Development, which is playing an important role in the growing co-operation and co-ordination between different *Arab aid agencies.*

In the background of Kuwait's massive aid programmes, of course, lies the interest of a rich, small and militarily weak state in winning friends. That said, however, the *Kuwait Fund has since its in*ception been politically independent, using purely economic *criteria* for its assessment of projects. And since the rapid rise in oil prices in 1973-74, the Fund has massively diversified its lending towards countries in Africa and Asia whose goodwill can have little direct relevance to it. In the 1976-77 financial year, half its lending went outside the Arab world.

The Kuwait Government is chary about revealing how much aid it grants, and independent estimates tend often to contradict one another. However, OECD figures show net disbursements of concessional assistance growing from $345m. (5.76 per cent. of GNP) in 1973 to $975m. (6.52 per cent. of GNP) in 1975. In 1976, however, aid fell drastically to $327m. (3.23 per cent. of GNP). This fall represents the limitation of direct transfer aid to the confrontation states.

Such aid to confrontation states, principally via direct transfers from the Ministry of Finance, has in recent years made up a substantial proportion of Kuwaiti aid. Between 1973 and 1976, according to *OECD figures*, concessional aid disbursed to Egypt totalled $997m.; to Syria, $374m.; and to Jordan, $298m. In 1976 aid to all three countries fell off drastically. Aid to Egypt was $107m., as against $451m. the year before, aid to Syria—because of disagreement over its role in Lebanon—fell to nothing, as against $176m. the year before, and aid to Jordan fell to $57m. from $115m. Since then, however, Kuwait has subscribed a 35 per cent. share to the $2bn. capital of the Gulf Organisation for Development in Egypt. $1.6bn. of this has already been disbursed, and the remainder is expected to be disbursed shortly. Aid to Syria, however, *is not thought to have revived.*

Increased

The volume of aid provided through the Kuwait Fund, meanwhile, has increased markedly since 1973, with the *increase being especially rapid in the financial years* 1975-76 and 1976-77. At the end of March, 1973, the total value of loans approved stood at KD140m. At the end of June, *1976, the figure was KD320m.* In the following financial year, a further KD145m. of loans were approved. Since then, KD40m. of loans have been approved, bringing total loan commitments to KD475m.

Total disbursements meanwhile rose by 38 per cent. in the 1976-77 financial year, to reach KD188m., marking a slight increase in the ratio of total disbursements to total commitments to 43.4 per cent. from 42.4 per cent. the year before. Meanwhile, paid-in capital increased to KD452m. from KD394m. at the end of June, 1976, and reserves rose to KD109m. from KD77m., marking an increase in total resources by 19 per cent. to KD562m.

Last financial year, KD57m. of loan commitments were made to Arab countries, KD31m. to Asian countries and KD26m. to non-Arab African countries. Because of the sharp increase in the pace of lending, although loans outside the Arab world only began in 1975, by the beginning of July last year 21 per cent. of total lending commitments were to Asia, and 10 per cent. to non-Arab Africa. The sharp increase in both the volume of lending and the number of countries lent to has placed some strain on the staff: although the number of technical staff has approximately *doubled in the last three years,* it is still under 30. And although a large new building is being erected for the Fund, and some increase in manpower is certainly expected, the organisation wants to continue to run on a relatively small staff, being convinced that the minimisation of bureaucracy both speeds things up and makes relations with clients easier.

On loans granted in the 1976-77 financial year, interest rates varied between 1.5 and 4 per *cent., and maturities from 14 to* 39 years. In an important respect, the loans to Arab states marked a deviation from the traditional pattern: while the larger share of the Kuwait Fund's lending is usually for infrastructure, 48 per cent. of the money loaned was for industrial projects, with 24 per cent. being for agricultural projects. In loans to non-Arab countries, however, power projects and communications accounted easily for the lion's share of the lending.

Given the Kuwait Fund's stress on promoting only viable projects, and ensuring that their management is to its satisfaction, its own shortage of technical experts reinforces the growing tendency towards co-operation with other funds. This is particularly so as expertise is generally in short supply, both among donors and recipients. There has, in fact, been a sharp increase in the number of projects co-financed. Whereas in the extended 1975-76 financial year, eight out of the 34 loan agreements concluded involved co-financing, in the 1976-77 financial year 15 out of 22 did so. *Most prominent partners in* terms of the numbers of projects are the Saudi Fund for Development, the Arab Bank for Economic Development in Africa, the International Development Agency and the World Bank, all of whom are jointly involved with Kuwait in four projects. Kuwait is also a substantial contributor to international aid institutions, having, according to OECD figures, committed $211m. to such bodies in 1976 and disbursed $151m.

There is a growing trend towards co-operation between the different Arab funds, not merely in joint appraisal and supervision, and co-financing but also in co-ordinating the direction of lending. In this process an important role has been played by the Kuwait-based Arab Fund for Social and Economic Development, which acts as general secretariat fo[r] the meetings now held two o[r] three times a year between th[e] various funds, directors of oper[]ations, and annually between their heads.

Wider

*Since it commenced opera*tions in 1973, the Arab Fun[d] has also mapped out for itsel[f] a wider role in working ou[t] what the key needs for Arab development financing are, par[]ticularly from a pan-Arab view[]point, and how these needs ca[n] be translated into specifi[c] projects. The most ambitious single scheme it has initiated i[s] that to expand Arab food re[]sources by developing Sudan, a[t] an initial cost, up to 1985, o[f] KD780m. It has also prepared a telecommunications maste[r] plan for the Arab world, som[e] of the projects arising from which are already bein[g] implemented; it has just com[]pleted a general survey of Arab manpower needs; it is produc[]ing a study of what can be don[e] on a pan-Arab basis to assis[t] the region's less-developed area[s].

In its actual lending, which [is] restricted to Arab countries, th[e] Arab Fund sees a key part of its role as being to act as a catalys[t] attracting funds much large[r] than those it itself commit[s]. Thus, up to the end of last yea[r] its own total loan commitment[s] were KD295m., but the tota[l] cost of projects in which it [is] involved is KD1.34bn. The Fun[d] now expects its lending [to] *stabilise at a little above th[e]* current level of KD104m. a yea[r]. Actual disbursements—KD30m. last year and expected to b[e] KD60m. this—have yet to ris[e] somewhat further before stab[i]lising. Of this lending, th[e] larger part goes to breakin[g] infrastructure bottlenecks.

Traditionally, one of the con[]straints restricting lending t[o] the Arab world has been th[e] limited absorptive capacity o[f] many countries in the regio[n]. According to Mr. Saeb Jaroud[i], director of the Arab Fund, thi[s] is becoming much less of [a] constraint. But serious prob[]lems remain, both in projec[t] preparation and also in super[]vision and implementation. Fo[r] this reason, the Fund is step[]ping up technical assistanc[e] activities, whose cost amounte[d] to KD3.4m. up to the end of la[st] year. But the Fund still find[s] it necessary, whenever it asso[]ciates itself with a project, vi[r]tually to take over its execu[]tion.

D.H

PLANNING

A severe dilemma

KUWAITIS HAVE been a minority in their own country at least since the early 1960s, and their fears of becoming yet more of one present the country's planners with a severe dilemma. They want to diversify away from an exclusive dependence on oil income, without in the end merely replacing it with an exclusive dependence on foreign investment. But economic and particularly industrial development in Kuwait is not only extremely difficult: it threatens to cause a further substantial influx of non-Kuwaitis.

According to figures published by the Kuwaiti Statistics Bureau, Kuwaitis last year comprised 47.7 per cent. of the population, as compared with the apparent low point of 47 per cent. in the census of 1970. However, reliable estimates put the true percentage at between 35 and 40 per cent. According to Government planners, the Kuwaiti population is currently increasing at about 6 per cent. a year, with the non-Kuwaiti population increasing at around 5.5 per cent. a year. Natural rates of increase are 3.5 and 3 per cent. respectively. What these figures imply is that the Kuwaitis have managed to maintain their position only by the rather artificial device of naturalising members of the Bedouin tribes that roam between Kuwait and Saudi Arabia.

However, they are now in the process of running out of Bedouin to naturalise, which implies a need to cut back quite sharply on new *immigration* if the existing balance is even to be maintained. Meanwhile, even though the birthrates of both Kuwaitis and non-Kuwaitis are expected to decline, the total population—officially estimated *at 1,129,900 last year—is now* expected to reach around 2.75m. by the turn of the century. Such an increase reinforces the need for planning—to lay down priorities for infrastructure, housing and the provision of work, and in particular to do so in a *manner* compatible with the maintenance of the population balance.

There is a considerable degree of planning in Kuwait, co-ordinated directly by the former premier and *current Emir*, Sheikh Jabir al-Ahmed al-Sabah —the actual Planning Ministry has an essentially advisory function. There is also a five-year plan, supposed to run from 1976-1977 to 1980-81. It has never been formally *approved, principally* because of the extensive disputes it sparked off about the role of the State in the social services sector, but its targets have been published and are still being used at least as rough guidelines in most fields.

In fact, of the KD441m. of investment envisaged under the plan, only 23 per cent. was for industry. Of this over 80 per cent. was for petroleum related and petrochemical projects. Some 30 per cent. of total planned investment was for infrastructure projects, mainly to improve production of electricity and desalinated water, and also transport, port and storage facilities. The remainder of the planned investment was for improving social services; with 68 per cent. of this going towards housing, and substantial expenditure also on improving education and training.

One major planning decision not envisaged in the plan which *is likely* to be taken before midsummer is the decision to build a new city at Subiya, across the bay from Kuwait City. With the upward revision in population projections, it has become progressively more apparent *that it will be difficult to accom*modate all the increase around Kuwait City without imposing an intolerable strain upon the centre, particularly as its position on a headland restricts access and Kuwaitis have the highest *per capita* car ownership in the world. In order to be able to provide adequate employment opportunities and services not to become merely a satellite, it is estimated that a *minimum* population of 100,000 to 120,000 *is required.*

Start

What the British planning consultant, Shankland Cox, who have been commissioned by the Kuwaitis to revise the Buchanan Master Plan drawn up in the 1960s, are thus recommending is an immediate start on infrastructure for a new town at Subiya. This could be built up in four modular units of rather over 100,000 people, so that it might eventually house half a million people. It is also envisaged that in the longer term another similar city of up to half a million might be built at Kor el Mufata in the south. The preliminary report, containing the consultant's recommendations, has already gone to the municipality, and a final version is expected around July.

However, the prospect of *some decision on the building* of Subiya merely highlights again the need for long-term planning, as the need to find sources of employment in a completely new city; poses with renewed force the problem of *what the enormous* number of people coming into the Kuwaiti labour force in the next two decades are going to do.

What in this context some foreign observers stress is that the manpower constraints on *development in* Kuwait are as much a question of occupational distribution and social attitudes as they are of numbers. Kuwaitis are above all a nation of civil servants. Of the 86,971 Kuwaitis recorded employed at the time of the last census in 1975, 62,888 were in services and of those 45,405 were in public administration or defence. In manufacturing industry, the percentage of Kuwaitis employed was 9.2 per cent. Even in financial institutions and insurance, the percentage was only 21 per cent. And the Kuwaiti bureaucracy is seriously overstaffed. Thus, if Kuwaitis could be persuaded to move out of it, a substantial

CONTINUED ON NEXT PAGE

KUWAIT IX

SHIPPING

Fleet is still expanding

...K'S announcement ...ted Arab Shipping ... to buy four con- ... from Hyundai of ... as a reminder that ...it-based, pan-Arab ...ture intends to con- ... through the world's ...sis with a policy of ... These will be the ...ner ships in the ... which by the time ...into service during ...umber 62 vessels, ...l deadweight carry- ... of well over 1m. ... the most significant ...go shipping com- ... Gulf.

...rmed in July, 1976, ...abia, Kuwait, Qatar, ...in and the UAE, is ... some as a model ...rab industrial ven- ...ng as it did with a ...pertise, some of it ...nd hardware in the ...e Kuwait Shipping ...s articles of associ- ...de for capital of ...$1.78bn.), of which ...as been subscribed ...ill be interesting to ... the company's first ...sults are produced ... to what extent that ... has been built on, whether it will need ...nded to meet the ...s entered into with

...ticles also add two ...al to the venture's ...n inter-state enter- ...no member country ... a separate national ...ompany within its ...o exceed 120,000 ...mably gross tons— ...ion is not made in ...nd that the UASC ...ill be adhered to ...h they may be pre- ... those of the partici-

... the terms of this ... have been observed ...gh UASC is inter- ...niped at by the ...nes, there is no ...hat any country in- ...nege on its UASC ...ts. The company has ... won the status of ...g its member states' ...n shipping confer- ...has started to play ...t role in the formu- ...an Arab maritime

...dul Aziz Salatt, a director of the company, made it clear to the recent Seatrade conference on Arab Shipping in Cairo that this means the emergence of UASC and other Gulf Arab shipping lines as significant cross-traders, as well as their playing a predominant role in the movement of manufactured goods and raw materials into the Gulf. "Cross trading should be an inherent objective due to the imbalance of the Gulf states' trade," he said.

The company has also shown itself well-equipped to form joint ventures with established western shipowners. Just over a year ago, it launched the Arabian Peninsular Container Line in conjunction with P & O and Ellerman, with two small P & O vessels. It has now expanded its entirely chartered-in fleet to a total capacity of around 3,500 TEUs, with five ships offering a regular 10-day round service between Europe and the Gulf. Next month, APCL will make its first call at Umm Qasar in Iraq.

Leadership

For Kuwait, UASC and the other pan-Arab venture for which the city State provides a base, the Arab Maritime Petroleum Transport Company, mean the opportunity to maintain a leadership in Arab marine affairs and therefore consolidation of a service industry sector of its economy mainly (in the case of UASC entirely) outside oil.

It places Kuwaitis in a strong position from which to participate in crucial decisions about future transport patterns in the whole area and, through the vehicle of international co-operation, at least attempt to co-ordinate change in land transport infrastructure, with port development and choice of investment in various ship designs. The distance of the Gulf states from such an integrated approach to transport investment is well illustrated by the substantial overcapacity built into present port plans for the area.

For a country like Kuwait, the economic importance of getting these decisions right is considerable. Not only would there be the direct benefits of seeing a Government shipping investment in UASC and AMPTC making good returns, but there would be an element of control over, for example, the pace and extent to which containerisation of trades should take place and the degree to which provision ought to be made for ro-ro services either through Kuwait to neighbouring states or, perhaps more important, for the servicing of Kuwait via ro-ro ports in the Mediterranean.

Kuwait's own port development, like that in many places along the Gulf coastline, has been dramatic in the last two years. The queues of ships are gone and substantial headway has been made in building warehouses and keeping them clear of unclaimed goods.

A series of construction plans has been produced to deal with the almost fourfold increase in traffic since 1973. Initially, this involves extending Shuwaikh port to offer 18 deepwater berths, of which two will be reserved for container operations early next year. United Arab's confidence in the rapid development of container handling facilities in Gulf ports in the next two years is evident in its specification in the latest order that the vessels should not carry their own lifting gear.

At the same time as Shuwaikh is being extended, the Government has set aside KD32m. for developments at Shuaiba port, whose capacity is to be increased from 1.2m. to 3.5m. tonnes.

When it comes to hydrocarbons transport, Kuwait's policies are far less clear cut. Although it has been an enthusiastic member and home base to the OAPEC-backed AMPTC, the Kuwait Government has also taken a 49 per cent. stake in the Kuwait Oil Tanker Company and still apparently intends to vest a substantial fleet of oil product tankers in the ownership of the Kuwait National Petroleum Company, although Kuwait Oil Tanker will probably manage these ships. The Government is also giving KOTC charge of the four liquid gas carriers on order from the French shipyard Le Ciotat.

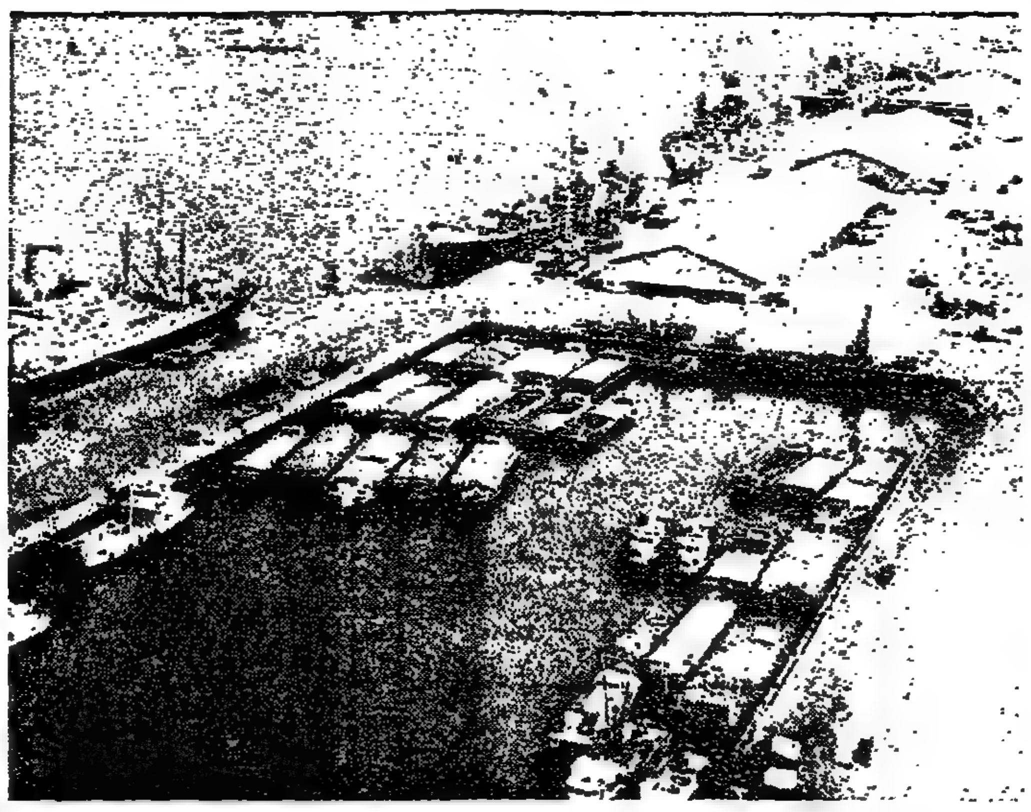
KOTC and AMPTC, each of which has around 2.1m. dwt of tanker capacity, have both suffered from the desperate state of the world spot market for tankers since 1973 and returned losses on tankers of over £4m. and £3m. respectively in 1976—their last reported results. They stand to face further pressures as they take delivery in the course of the next two years of a further five French-built liquid petroleum gas carriers. Kuwait Oil at least has the promise of employment for its four vessels (one has already been delivered) when Kuwait's new gas project comes on stream, but the date for this has now been put back by at least six months into 1979.

Interest

Much interest also centres on the next phase of AMPTC's ordering programme. The consortium is known to be studying a £100m. investment plan drawn up by the London-based consultant Terminal Operators, for about ten product carriers in the 30,000 dwt range and perhaps even an additional VLCC. A decision should have been taken in January on this plan, but the Board meeting before which it appeared was apparently split so comprehensivly by the political pressures which have stemmed from President Sadat's Middle East peace initiative that no progress was possible.

This provides an interesting contrast to the somewhat less stormy atmosphere within UASC and, indeed, to attitudes within the well-established remainder of Kuwait's national shipping interests. It also indicates the remarkable degree to which Kuwait has spread its shipping resources in organisational terms during a four-year period when the size of its registered fleet has increased from 1.2m. dwt to 3.1m. dwt, retaining comfortably its position as the largest Arab flag fleet.

Ian Hargreaves



The commercial port of Shuwaikh.

Dilemma

CONTINUED FROM PREVIOUS PAGE

dent could be made in the need for immigrant labour.

However, the comprehensive nature of Kuwait's social services provision rather weakens the incentive for Kuwaitis to move into fields more taxing than are the general run of jobs in the bureaucracy. A Kuwaiti is entitled to a Government job if he can find no other. Housing is State provided on easy terms: education and health services are free. In the housing field, indeed, the philosophy of "the State must provide" has this year been extended yet further: whereas in the past the Government has provided cheap plots and interest-free loans for middle income Kuwaitis who then built their own homes, the Government is now to move directly into this part of the market, largely on the grounds that people have been unduly extravagant and got trapped by rising costs.

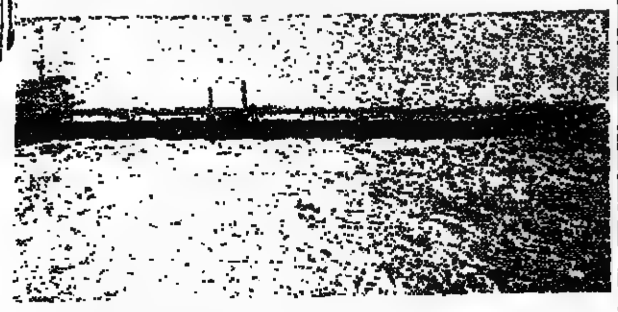
While Kuwaiti planners stress the need to make sure that key positions are held by Kuwaitis, they are generally much less concerned with changing occupational patterns than with checking the growth in demand for labour generally. Thus the greater economy of State-built housing on standardised patterns is also given as a reason for the Government decision to move into providing housing for middle-income Kuwaitis directly. Another example cited is the setting up of a number of industrial bakeries, two of which have already started production.

While expecting some further industrialisation, not only in petrochemicals but also to some extent in construction materials and consumer goods—particularly assembly—they tend to toy rather more at present with the vision of Kuwait developing as a services centre, particularly in the context of a breaking down of barriers among the Gulf states. They have expertise in water desalination in which they would like to co-operate with other countries: they are massively expanding electrical power production and there is talk of an eventual joint grid with Saudi Arabia and even Iraq. The Kuwaitis would like to develop transportation, mercantile, and financial services, and also to continue to invest in human resources and encourage Kuwait companies to be active in other parts of the Gulf, so that they could eventually develop not merely as an entrepot but as an exporter of commercial skills and venture capital to the rest of the area.

What substance can be given to this vision remains to be seen, as also does the extent to which its realisation might get the Kuwaitis out of their population problem. Whatever happens, this problem may well become much more pressing. Until now the resentment felt by Arab expatriates—particularly Palestinians, who form a substantial and economically vital part of the population—has not turned itself into political unrest. This is probably attributable partly to the fact that many of them come to make money, and then leave, and partly to the fact that, while they are treated substantially worse than Kuwaitis, they are usually much better off than they were in the places from which they came.

However, the element of the non-Kuwaiti population which has been there for a long time, and the element which is in fact second generation, is steadily growing. Thus, while the 1965 census showed 3.9 per cent. of non-Kuwaitis having been resident for at yeast 10 years, the 1975 figure was 29 per cent. So far, the number of naturalisations granted, apart from those to Bedouin, has been trivial, and there are few signs of this changing in the foreseeable future. Even if the Government manages to contain the growth of the non-Kuwaiti population, the problem might in the long run become explosive. Should non-Kuwaiti resentment develop and find political expression after all, it might not be appreciably easier to run a state with 52 per cent. of Kuwaitis—the target for the year 2000—than with the present proportion.

D.H.



...28,000 d.w.t. oil tanker "AL RAWDATAIN" delivered ...WAIT OIL TANKER CY. in October 1976 by C.N.C.

Kuwaitis presenting doctors' prescriptions at a dispensary. All drugs and medicines are free.

EXPATRIATES

No pot of gold

ON THE surface the melting pot of nationalities that comprise the State of Kuwait to-day would appear to be peacefully co-existing. There are no riot police, no civil disturbances and no public protests about immigrant worker conditions. However, the scene is not quite as happy as it may seem.

Out of a population officially estimated last year at 1.13m. (but probably more), only 410,000 are Kuwaiti. Palestinians cover 200,000, Egyptians (about 180,000), Pakistanis (200,000), and Indians (200,000) make up the largest immigrant groups. Koreans, Yemenese, Syrian and expatriate Europeans and Americans comprise the rest of the population. However, estimating the exact number of Pakistanis, Indians and Syrians in the country at any one time ins almost impossible due to the steady flow of illegal immigrants flooding into the country seeking work.

Certain services are free to all people—medicine and to varying degrees education. The State of Kuwait provides every citizen, regardless of nationality, with free medical treatment and maternity care. However, if private rooms are required in the State hospitals, a non-Kuwaiti will pay considerably more than a Kuwaiti. A private room will cost an expatriate KD10 (£21) a day—cheap, perhaps, when compared with Europe. But for a Kuwaiti the cost can be as little as KD30 a week.

Faster

Private rooms are not always easy to come by. The *wasta* (Arabic for influence) system functions in the medical profession as it does in most other areas of life in Kuwait. Having *wasta* means faster and probably better treatment. Not having it can mean queues, an over-worked doctor dealing primarily with the immigrants, and the lack of individual care and attention.

The law favours the Kuwaiti citizen, generally being much more generous to him. Despite the curious fact that there are no Kuwaiti judges (they are all Egyptian), a Kuwaiti stands a far better chance of a fair trial and acquittal. Payment of blood money for traffic victims is still an accepted way of life. If an expatriate is involved in an accident in which a Kuwaiti is killed the sums can be as high as KD5,000-10,000. Usually these sums have to be paid over in full before the defendant is allowed out of jail.

If the accident involved a non-Kuwaiti Arab a private arrangement would probably be arrived at with the relatives of the deceased and the sum of money handed over considerably lower.

It is difficult to generalise about Kuwait's guest workers. However, while Pakistanis bear the brunt of construction work at the lower end of the scale Syrian and Egyptian labourers sweep the roads, collect the garbage and perform other menial tasks. Indians either work as house servants or in lower-grade clerical and secretarial functions—always keeping their hands clean. Together with Syrians and Indians, Egyptians occupy many of the lower-paid jobs in the retail trade business—running stores in the *souk* and small grocery shops in the poorer areas.

Egyptians, however, are prominant in the professions, particularly medicine and teaching. Palestinians and Lebanese find places at all levels. They have been in the country longer than the other Arab groups and are more firmly established—holding key positions in the banks, various industries and higher education. Obviously, the Palestinians have the biggest vested interest in Kuwait where many, having established homes, have bred children and even grandchildren.

For this reason and because their *wasta* as well as wealth, is higher than the other Arabs they are the immigrant group viewed with the most suspicion by the Kuwaitis. Two years ago the Government in a somewhat unnerving move ordered a group of them out of Kuwait in an attempt to break up this tightly knit, well organised and politically motivated group, which they felt was establishing too strong a hold in Kuwait and working for their own, not the *Kuwaitis' interests.*

Like all the immigrant groups, Palestinians make no secret of the fact that they resent the patronising, even arrogant attitude of Kuwaitis. It is interesting to speculate, however, if a Palestine State was to emerge how many of them would actually want to leave Kuwait to return to what would inevitably be a less lucrative environment. Palestinians are the only group of expatriates, apart from Europeans and Americans, to have close Kuwaiti friends.

Meanwhile, the myth that Kuwait is a place for an expatriate to get rich, though carefully murtured by some employers, is totally erroneous. "The Kuwaitis are very shrewd businessmen," said one Lebanese, a resident for 20 years, who is also one of the richest and most successful among all the expatriates, "A lucky foreigner with a Kuwaiti partner in business might, just might, make 10 per cent. of the profits. But it's highly unlikely. Five per cent. is more likely."

Usually, foreigners can make little or no money apart from their salaries.

The only common denominator about expatriates is that they are making more money in Kuwait than they would in their own countries. With the mercenary motive predominant, the minorities tend to cling together and spend their time working out ways of bleeding the country of as much money as possible. The result is bitterness from the Kuwaitis, who know they are being used.

Both non-Kuwaiti resentment of Kuwaitis, and Kuwaiti resentment of expatriates have some justice behind them. An expatriate Arab will usually have two or three jobs. Most contracts outlaw this practice but there are ways round it by just not admitting to the fact. They tend to float into a job almost haphazardly and are often lazy and slovenly in their work. Kuwaitis on the other hand show little appreciation of the expatriate—they do the menial jobs, and are the backbone of the day to day working of Kuwait.

The expatriate's job security is weak and often an unqualified Kuwaiti will be moved into a position above the higher qualified other Arab. On retirement the government does not provide for the expatriate beyond a single pay-off amounting to one month's salary for each year worked. The chances are that an expatriate's visa will at this point be revoked and his only option be to return to his home country.

Discord

Education is perhaps the area that provokes the most discord. To qualify for a Government education grant a school must not contain more than 90 per cent. of one nationality, and teaching must be in Arabic. This provision means that Indian schools, by necessity privately owned, are generally badly run and the cost of KD80 per semester is almost prohibitive for an Indian servant couple who earn something in the region of KD50 per month.

In the Government-aided schools everything is free for the child of a Kuwaiti. It is free for the child of any expatriate doctor and for those foreigners who work for the Ministries of Health or Education. For the others the cost is KD40 a term. Salaries of staff vary enormously—anything up to KD100 a month more is paid to a Kuwaiti teacher than to an expatriate Arab. The Government try to camouflage this obvious discrepancy by allotting a higher starting grade to a Kuwaiti and then promoting them faster than other teachers.

Egyptian women teach[ers] come to Kuwait with [much] better qualifications than [their] Kuwaiti counterparts. T[hey] know they are wanted and [often] they see their job as a way [to] bring their husbands into [the] country. Currently in Ku[wait] there are Government hos[tels] for expatriate women, single [and] married women without th[eir] husbands. The teachers [must] sign a four-year contract w[ith] the Government on the agr[ee]ment that they will live i[n a] hostel and accept a KD[..] month salary cut in return [for] accommodation. They are [not] allowed to set up apartme[nts] alone. During their four ye[ars] there is no opportunity fo[r a] pay increase.

The hostels function [like] barracks—the teachers live [two] to a room, with a sha[red] kitchen among 30 to 40 [of] them. They have to report b[ack] to the hostel immediately a[fter] school ends and are [not] allowed out in the evening w[ith]out permission from a guardi[an]. Fathers, brothers, uncles [and] brothers-in-law qualify [as] guardians—the only [...] categories of man that an [...] woman is strictly forbidden [to] marry.

In Bahrain the Governm[ent] is making a real effort to [...] ex-patriate Arabs and Eu[ro]peans out of key fields of [ac]tivity. Although the effor[t is] being made in Kuwait the [de]pendence on the expatriates [is] still vital. The foreigners k[now] this, and to the irritation of [the] Kawaitis use it as their weap[on]. Until enough Kuwaitis beco[me] sufficiently qualified the [...] will continue to boil as Ar[abs] and Europeans hassle for th[eir] share of the *oil gold.*

By Our Foreign St[aff]

The dilemma facing British aerospace

By MICHAEL DONNE, Aerospace Correspondent

[AE]ROSPACE industry [and the Br]itish Government are [movin]g rapidly towards a [decision th]at will settle which [way t]he country takes in [aircr]aft manufacture for [the rest] of the century. The [choice is w]hether to work with [Europe] developing a new [short-to-me]dium range airliner, [or to s]trike a deal with Boeing [or McDon]nell Douglas of the [U.S. to] participate in the [developme]nt of one of the new [airliners those] companies are now [planning].

[The ou]tcome will not only [decide the] future of a substan[tial part] of the State-owned [British A]erospace group, but [also the fu]ture development and [the] work-load of Rolls-[Royce an]d the British Airways [...] the Government. It is [a] complex industrial [problem] with important [political i]mplications.

[At the r]oot of the decision is [the fact t]hat a new generation [of short-t]o-medium range civil [airliners i]s on the way, to meet [the need]s of the airlines [up t]o the end of this [century]. What the airlines want [are ...]ning seating around [... pa]ssengers, and capable [of flying d]istances up to 2,000 [miles. Ov]er 1,000 jets of this [type are] likely to be bought [worldwide] over the next 10 to [... years] and many more [by t]he mid to late 1990s. [The mark]et is estimated to be [worth b]etween £10bn. and [..., in]cluding spares. There [are, o]f course, other civil [markets b]esides this one—for [...] developments of the [Boeing] Jumbo jet, and the [long-r]ange trijets like the [... an]d DC-10, and even in [the] short-haul field. But [the sho]rt-to-medium range [market is] widely accepted as [the] biggest of them all, [which is] why all the world's [engine a]nd aircraft manufac[turers ar]e interested in it.

[The pro]blem for the U.K. is [that the] big manufacturers on both sides of the Atlantic are moving to meet this need with broadly comparable types of aircraft, and a collision course in world markets is in the making.

In the U.S., Boeing, the world's biggest jet-builder, with over 3,300 aircraft to its credit, is now offering two new types of airliner to meet the emerging demand. One is the 757, in effect a "727/737 derivative" with two engines, and seating up to 180 passengers. This aircraft could use two of the new version of the Rolls-Royce RB-211 engine, the Dash 535 of 32,000 lbs. thrust, or the U.S. General Electric "cropped fan" version of the CF6-50, the Dash 32, of 33,000 lbs. thrust.

Boeing 767

The other new Boeing jet is the 767, a bigger, wider-fuselage aircraft, seating up to about 220 passengers in twin-aisle 7-abreast configuration, also twin-engined, and using the existing types of "big thrust" engines—such as the Rolls-Royce RB-211 Dash 22D version, the GE CF6-50 or the Pratt and Whitney JT-9D, all of which are about 42,000 lbs. thrust. In the longer-term, this aircraft could be stretched into yet another version, the three-engined 777, which would also be a 220-seater tri-jet, but capable of long-ranges (over 3,000 miles), reverting to the use of such engines as the Rolls-Royce Dash 535s, or GE Dash 32s.

McDonnell Douglas of the U.S. has also indicated to the U.K. that it could share substantially in the development of that company's proposed new Advanced Technology Medium Range (ATMR) transport aircraft (which could also use the Rolls-Royce Dash 535 engine) if it wished, as well as enjoying the benefits of collaboration with McDonnell Douglas on other programmes. These would include help from the U.S. company on getting the British HS-146 feeder-liner rolling, and eventually joint development of a second-generation supersonic transport. So far, no firm discussions on this have taken place with British Aerospace, but the door is open if the U.K. wishes to take the matter further.

Competing with these Boeing and McDonnell Douglas aircraft are two projected European models. The first is the Euro-jet, the design of which is now being settled by discussion between British Aerospace, Aerospatiale of France, Messerschmitt of West Germany and Fokker-VFW of Holland, and which could cost up to £500m. to develop. This would come in three versions, seating upwards of 130 passengers, but the engines would all be Franco-U.S. CFM-56s, starting at about 22,000 lbs. thrust. In broad terms the Euro-jet can be regarded as a potential competitor to the proposed Boeing 757. So far, airline reactions to it are uncertain—although Air France is understood to be committed to it—but these may emerge soon as the European team starts to brief the airlines on it.

The second European venture is the proposed B-10, a new version of the increasingly successful A-300 Airbus. This would seat about 217 passengers and would use two of the existing "big thrust" engines—such as the GE CF6-50 series. While it could also use the Dash 524B version of the Rolls RB-211, this engine is not specified so far, and there is no indication that there would be a market for Rolls-Royce in this venture. The development cost of the B-10 is estimated at about Fr.3bn., and Airbus Industrie has suggested that if a definite go-ahead is given this spring, the aircraft could be in service by mid-1982. Broadly, the B-10 appears to be a competitor for the Boeing 767 venture.

The two European ventures, therefore, appear to be aimed at precisely the same markets world-wide as the two new Boeing jets, which are further ahead than the McDonnell Douglas ideas. In any assessment of likely market penetration, the advantages appear to be with Boeing, if only because of its sheer size and already dominant position in world jet sales. Boeing has already spent over $140m. in design studies, and is well advanced in negotiations for "launching orders" with several major U.S. airlines, including United, American, and Delta. It is a formidable reputation with which the European industry has to contend.

While no one doubts the technical competence of the European industry, its collective experience in world jet airliner markets is little more than 600 aircraft (mainly British), so that its base is much less well-established than that of Boeing. Boeing's problem is that while it wants to start both the 757 and 767 this year (and its Board has authorised outlays of $1.5bn. for the ventures) it does not necessarily want to do both entirely on its own. It has an agreement with Aeritalia of Italy and with Japan to help finance and develop the 767, and it is now actively seeking substantial British participation on the smaller 757.

Offer to U.K.

Boeing is offering Britain the equivalent of about 50 per cent. of the work on the 757—design, development and production of the wings, rear fuselage and part of the tail, together with undercarriage, nose-wheel and the engines (Rolls-Royce RB-211-535s) and engine-pylons—covering all 757s to be built. The financial details remain to be settled, but it is believed that the U.K. investment would be much less than for the Euro-jet.

For a variety of reasons, this British involvement is important, though not vital, to Boeing. First, it would help to clinch a possible British Airways order for perhaps as many as 40 of these aircraft through the 1980s. Secondly, it would relieve Boeing of some of the financial burden involved in starting two major new programmes in one year. Thirdly, it would help to consolidate Boeing's position in European markets and in the aerospace industry on this side of the Atlantic.

It is an attractive proposition, for the 757 market could run to several hundreds of aircraft. But the offer is only open for U.K. acceptance or rejection until the end of March, for by then, Boeing will need to turn to U.S. manufacturers if its own 44-months development timescale on the new programme is to be met. There is no lack of U.S. companies willing to join the venture, for it could be one of the biggest jet programmes yet undertaken.

U.K. participation in the 757 programme could enhance the possibility of Rolls-Royce getting its Dash 524 "big thrust" RB-211 into the bigger venture, the 767 aircraft.

Compared with the Boeing offer, the European programmes seem less well secured. There is still considerable discussion as to how the potential work and costs on the Euro-jet will be shared, with some extremely difficult international political negotiations still to be completed. These include, for example, who will have design leadership, and where the final assembly lines will be—at, say, Bristol (Filton), or in France at perhaps Toulouse. There is also the now undisputed fact that even if Britain joins the Euro-jet, it will not have a British engine.

So far as the other European jet proposal is concerned, the B-10 version of the A-300 Airbus, there are such questions to be settled as to whether the U.K. is willing to rejoin the European Airbus Industrie consortium on a formal government basis (instead of continuing as an "associate member" as at present) and what the financial terms involved in that would be, and what sort of manufacturing share of the B-10 the U.K. would be given. If the U.K. declined to rejoin Airbus Industrie on a government basis, there is no guarantee that it would get any share at all of the work on the B-10, although if it did join it might reasonably expect to get the wing design and development contract, to follow on its existing work in this area on the A-300. But here also, there are some delicate political and industrial problems to settle. The market for the B-10 is so far uncertain. Lufthansa and Swissair have expressed interest, and Airbus Industrie is discussing the venture with other airlines. But so far, British Airways has shown very little interest in it, and is not likely to change its mind in a hurry.

All of these issues have to be considered by the U.K. Government and aerospace industry in deciding whether or not to remain committed to a European solution to the future civil airliner development programme, or to change direction sharply and accept the Boeing deal. There are strong feelings in the industry for each course. Many feel that the European road is the right one to take, for reasons such as Common Market membership and traditional links on past programmes, such as Concorde. The pro-European lobby also argues that to adopt the Boeing offer will be to make the U.K. little more than a long-term sub-contractor to the U.S. industry.

Others disagree most strongly with this, and suggest that the difficulties in getting a European programme moving are well-nigh insuperable because of French determination to dominate the two ventures, and the time that it will take to settle all the intricate details of work and cost sharing, when speed is essential in order to meet world market demands. They point out that by taking the Boeing route, the U.K. will be getting some 50 per cent. of the 757, which is certainly no less than it would get with the Euro-Jet, and in the event could prove to be substantially more, because of the sheer size of the eventual market for 757s. This argument is based to some extent on the belief that Boeing, whatever it builds, is bound by its reputation and ability to win the lion's share of world markets.

Filling the gap

For British Airways, the question is whether it buys the 757 and/or 767 (as it is believed to want to do) to meet its Trident replacement needs through the 1980s. With this is linked the question of whether in the interim it buys some of the smaller existing 737s to fill the gap before the new jets arrive, or whether it buys a stretched version of the British Aerospace One-Eleven.

British Aerospace itself has to decide—and soon—whether to go further with the Boeing deal, or continue to negotiate on the Euro-jet, in the hope of winning a substantial share of its design, development and production. It will also have to decide whether or not it wants to get into the B-10 programme, if that is finally authorised by the French and West German Governments. So far, it has preferred to concentrate on its negotiations with the European industries.

Only Rolls-Royce has no doubts. It has so far been excluded from the Euro-jet, and has only a limited future in the B-10, if at all, and it is therefore anxious to see the Boeing deal go ahead. It believes that it stands a better chance of big long-term markets by linking with the 757 and 767 programmes.

None of the three groups in U.K. aviation can take their decisions in isolation. The Government, through Mr. Varley, Secretary for Industry, has said that it wants to see the matter settled solely on the basis of commercial considerations, and that political considerations will not apply. But what happens if all three decide to pull in different directions for what each believes to be good commercial reasons—if British Aerospace settles for the Euro-jet, Rolls-Royce presses ahead with the U.S. market and ignores Europe, and British Airways also insists—as it has every right to do—that it wants to buy the U.S.-built jets, rejecting both an interim One-Eleven purchase and the eventual Euro-jet itself? In such a situation, only the Government can settle the issue. And if British Aerospace decided to abandon the Euro-jet and take up the Boeing deal, there would be bitter criticism from the French and West Germans, and possible implications in other directions.

It is a problem which is all the more important in that whichever solution is chosen it will affect the course of U.K. civil aircraft manufacture for the rest of this century. Already, opinions on it are hardening in Whitehall, where senior officials of the Departments of Trade, Industry and Treasury are believed to feel the U.S. solution is the right one on commercial and industrial grounds, and with the Foreign Office concerned about the political implications with Europe if that course were to be chosen.

Letters to the Editor

[Fo]rum for [bick]ering

[From the] Director-General, [Institute o]f Directors

[Sir,—It] is distressing to find [so p]rominent a journalist [as Mr.] Elliott should have [allowed h]imself to become entangled in] the Bullock trap. For [that is what] he is, if we are to judge [by his b]ook "Conflict or Co[-operation:] The Growth of Indus[trial Dem]ocracy" (reviewed on [February] 23).

[He has] allowed himself to be [led] by Bullock's misty [view of] the march of history [leading] us ever onward to[wards the] so-called "industrial [democrac]y." He has equated [what has be]en done in other EEC coun[tries with] what Bullock recom[mends. A]nd he has accepted, [apparentl]y without a qualm, the [Bullock electi]on mechanism for plac[ing wor]ker-directors on our [Boards w]ithout a thought for the [disenfran]chisement this would [mean for] the non-unionised em[ployee].

[M]r. Elliott should reflect [on the] function that a Board [of Direct]ors is designed to carry [out, and] the sort of people we [need on] our Boards if business [is to pro]sper.

[The "m]arch of history" argu[ment, em]ployed so emotively by [Bullock], is in reality a piece of [...]us nonsense. By im[porting into] the Board the charac[ter of a] political committee, it [makes] an elementary mistake [about th]e nature of Board de[cisions].

[In pol]itics, where the proper [aim is] to reconcile differences, [the weig]ht of votes cast is a [proper] justification for a de[cision. I]n business it is the cus[tomer,] not the company who [decid]es whether a decision [is right] or wrong. It does not [matter b]y how great a majority [the Boa]rd decides, with or with[out shop] stewards, that the cus[tomer s]hould have blue: if he [wants y]ellow, the decision is [wrong.] Some people are demon[strably] better than others at [taking] business decisions and [it is the]se that we want on our [Boards].

[The E]EC argument is equally [weak.] It may be that our Euro[pean p]artners practise worker [particip]ation in one form or [another]. They certainly do not [do it th]e Bullock way.

[The] most frequently quoted [examp]le is Germany. In West [Germa]ny the system is founded [on a] tradition of industry-wide [bargain]ing, with unions—far [fewer] of them—organised on an [industr]y basis, and held within [the con]fines of the law. What is [more, t]here is a two-tier Board [with] the upper being a super[visory] Board without effective [powers] of initiative.

[As fo]r the disenfranchisement [of the] non-unionised employee, [what k]ind of a democracy would [the in]dustrial variety create, if [it left] even one employee unable [to exp]ress his view?

[Neit]her industry nor democ[racy w]ould benefit from bring[ing p]olitical methods and the [attitude]s of collective bargain[ing in]to the Boardroom. Direc[tors m]ust be chosen for the busi[ness s]kills they have displayed [and m]ust recognise that the pri[mary f]unction of their companies [is to] serve their customers, not [their] shareholders, employees or [anyon]e else. Unless they satisfy [their] customers, there will be [nothin]g to offer those other par[ties w]ith an interest in the enter[prise].

[The] introduction of worker[-direct]ors, Bullock-style, would [turn t]he Boardroom into a forum [for b]ickering over the distribu[tion o]f wealth rather than for [conce]ntrating on the business of [wealth] creation.

Surely we must all recognise that it is customer democracy, not the so-called "industrial democracy" of the trade union barons, that we should seek? "Industrial democracy" is about power and protection of the group, and the distribution of wealth: Customer democracy is about individual freedom and choice, and the creation of wealth.

Jan Hildreth,
Institute of Directors,
116, Pall Mall, S.W.1.

Government by decree

From the Hon. F. Cornwallis

Sir,—Let there be no misunderstanding by anyone of the anger which has been generated by the Government among members of the CBI over the insidious means of dealing with pay sanctions.

It is my view, and I know that of many members of the CBI Smaller Firms Council, that the pay sanctions are only a symptom of the disease from which this country is suffering. The disease itself is the way in which we are being governed increasingly by decree.

Last year I believe there were 1,600 Statutory Instruments, the majority of which were never scrutinised by Parliament in any way. The logical extension of this is a complete dictatorship, where no one has the right to question anything.

I feel that it is of paramount importance that the CBI, the employers' federations, the trade associations and individual members all fight this creeping infiltration into our basic freedoms with every weapon that they have.

It would seem to me that this is a cause which would attract considerable public sympathy. It should not be specifically allied to the pay sanctions argument which is in detail, but not in principle, slightly less firm ground.

If this country is to survive at all we must break the shackles of arbitrary, wooden-headed, doctrinaire, and often secret Government.

F. N. W. Cornwallis.
29, St. James's Street, S.W.1.

The pig market

From Mr. E. Welby.

Sir,—I read (February 23) the letter from Mr. Walshaw attempting to pluck our heartstrings with the woes of British pig farmers. Mr. Walshaw does indeed have a problem. For instance, does he intend to carry on his campaign by holding protest meetings at his home, or will he picket Whitehall?

As long as the U.K. has a low wage, low cost economy, in which pigmen are paid less than half the wages of their equivalent in other Common Market countries, consumers in this country will have to be protected in one way or another from the full effects of the CAP.

As to the plight of British pig farmers, how badly off are they in reality? There are at least three categories who, taking year on year, have always made a respectable margin on their investment. These are large arable farmers, for whom pig production is a marginal activity; farmers who utilise waste products of the food industry, which is both profitable to themselves and of benefit to the economy as a whole; and those who by their superior skills achieve a substantially higher level of efficiency than the average.

At present our pig farmers belong to a pretty exclusive club. New entrants are deterred by the high level of capital required to create an economically viable unit. The worst possible news for the established producer would be a sudden increase in ex-farm value of pig meat. In no time at all there would be an influx of new producers together with expansion of present herds, leading in a short time to surplus production and prices far more depressed than they are at present.

The alternatives to economic barriers to entry to the pig industry are the artificial restrictions which are a corollary to the high prices in other EEC countries. These include a virtual ban on the construction of new pig houses, restrictions on the numbers of pigs individual farmers can keep, pigs-to acreage ratios and punitive controls on the disposal of manure and slurry.

British agriculture is essentially a free enterprise activity and I do not believe that farmers as a whole would welcome this type of control.

My advice to Mr. Walshaw is to keep his head down, leave the ritual breast-beating to the National Farmers Union, and continue to improve the efficiency of his pig unit. Then he can cry all the way to the bank.

Edward Welby.
23, Hampden Hill,
Beaconsfield, Bucks.

Subjects for discussion

From Professor Z. Zeman

Sir,—It may be that Mr. Goldberg, the head of the U.S. delegation to the East-West Security Conference in Belgrade, as well as other Western delegations, have argued the cause of human rights in countries other than their own too long and too forcefully.

No one should be surprised if the conference fails. For many months before its beginning, the signals from Moscow and from other Socialist countries had indicated that too much concentration on "human rights" would be strongly resisted: for just as many months, governments and the media in the West were focusing on that particular cause.

For instance, the second semi-annual report by the U.S. President to the Commission on Security and Co-operation in Europe, published in June, 1977, gave 20 pages to implementation of Basket Three of the Final Act—and those pages dealt almost exclusively with the Socialist countries — and five pages to Basket Two, the less controversial set of issues including East-West co-operation in economics, science, and technology. The writing was on the wall when the review conference met in Belgrade.

There also may have been too many proposals from every side of the table. But there was another, and more important, procedural flaw which impeded at least the review part of the conference.

This was that participating Governments were too anxious to report on the performance of other participating Governments, rather than saying, briefly and plainly, what they themselves had done to implement the Final Act. Constant references to the failings by the other party would amount, in personal relations, to bad manners. Will participating Governments have learned from experience next time they meet? Various East-West meetings are fortunately not as rare as they used to be; and perhaps a code of good manners will evolve, and be accepted by the various Governments. The Final Act has provided a useful yardstick, but it should be used as a measure and not a weapon.

At a time when all-European Governmental meetings are still in their experimental stages, Western Governments choose to concentrate on a problem which is insoluble. There are still too many crucial unresolved issues in East-West relations without the same amount of controversial history and politics behind them as "human rights." They should be given at least as much prominence in any future negotiations.

Zbynek Zeman.
Forge Mill House,
Caton, Lancaster.

Renewable material

From the Chairman,
Watts Blake Bearne and Co.

Sir,—The conservation of all forms of fuel is being given serious consideration at the present time, in the light of the temporary alleviation of our problems, thanks to North Sea oil and gas.

Most forms of fuel, like other minerals, are, unfortunately, expendable. Surely, now is the time to pay particular attention to one of the raw materials which is renewable, namely timber.

To build up growing stocks of timber for the future is a long-term project for, at the present time, we are only growing about 10 per cent. of our requirements, our total consumption of timber, and timber products, being over £2bn. a year and being our third largest import.

Surely we should use some of our short-term oil revenues to increase the proportion of our land covered by managed forestry, thereby perpetuating a valuable raw material for the future.

Timber has many attributes, particularly in relation to energy conservation, for it is a good insulator and in its preparation calls for far less fuel than do most other building materials.

The United Kingdom is an ideal country in which to grow timber, and we should ensure that all land which can be spared—having paid due regard to agriculture and amenity—should be afforested, to make a contribution to the supply of an essential raw material in the 21st century.

C. D. Pike.
Park House, Courtenay Park,
Newton Abbot, Devon.

A proper charge

From the Company Secretary
British Leyland

Sir,—Last Monday's edition carried a story which referred to the provisions for the Speke plant closure. The article stated "So he (Michael Edwardes) cannot argue that the financial provision falls logically within the 1977 year on the grounds that the decision was taken then."

We would like to point out that the proposal to close Speke was agreed by the BL board on February 7, 1978. It is normal accounting practice to reflect in the annual accounts any decisions made after the year end and before the accounts are finalised, which significantly affect the valuation of assets and liabilities in those accounts. Indeed, our auditors quite properly advise that we do so: thus the cost of closing Speke would be a proper charge against 1977. Our auditors would be happy to confirm the above facts.

P. D. Plant.
Nuffield House,
41-46, Piccadilly, W.1.

To-day's Events

GENERAL

TUC leaders meet Mr. Albert Booth, Employment Secretary, to urge Government not to accede to pressure from EEC Commission to remove or modify Temporary Employment Subsidy.

Welsh trade union representatives and Scottish TUC discuss withdrawing support at next general election from MPs engaged in what they regard as wrecking tactics on devolution Bills.

Engineering pay talks resume.

Representatives from Transport and General Workers' Union Midland region begin two-day investigation into recommendation, by union's Oxford district that Mr. Alan Thornett and Mr. Frank Corti, leading shop stewards at British Leyland's Cowley plant, be suspended.

Financial Times two-day conference, World Banking in 1978, opens at Grosvenor House, W.1. First-day speakers include Mr. Harold Lever, Chancellor, Duchy of Lancaster, M. Francois-Xavier Ortoli, vice-president, Commission of European Communities, and Hr. Manfred Lahnstein, Secretary of State, Ministry of Finance, Bonn.

Mr. Anthony Wedgwood Benn, Energy Secretary, addresses public meeting in Ilford North by-election campaign.

Mr. David Steel, Liberal Party leader, speaks at Ilford North by-election rally.

London Chamber of Commerce trade mission leaves for Bulgaria.

Sir Peter Vanneck, Lord Mayor of London, attends City of London Polytechnic annual presentation ceremony, Guildhall, EC2.

PARLIAMENTARY BUSINESS

House of Commons: Debate on law and order. Motion on EEC documents on Jurisdiction and Judgments Convention.

COMPANY RESULT

Commercial Union Assurance (full year).

COMPANY MEETINGS

See Week's Financial Diary on page 26.

BALLET

Royal Ballet dance Mayerling, Covent Garden, W.C.2, 7.30 p.m.

MUSIC

Philip Pilkington (piano) in Schubert recital, St. Lawrence Jewry next Guildhall, E.C.2, 1 p.m.

COMPANY NEWS

Evode sees progress in second half

IN HIS annual statement Mr. H. Simon, the chairman of Evode Holdings, says he looks forward to continued progress in the current year.

Volume sales growth and profits have remained difficult in certain sectors during the first quarter and satisfactory in others, he tells members. This trend is expected to continue into the second quarter, but thereafter it is expected that sales and profits will become more buoyant.

As reported on February 10, pre-tax profits for the 53 weeks to October 1, 1977, were little changed at £1.48m. compared with £1.45m. for the previous 52 weeks after £0.69m. (£0.57m.) for the first half. The dividend total is 2.284p (1.968p) and a one-for-one scrip issue is also proposed.

Current cost accounts show an adjusted pre-tax profit of £938,000.

Mr. Simon says that while first half profits were satisfactory, in the last quarter the results were affected by a fall-off in demand and, because of the Price Commission, an inability to pass on increased costs.

At Evode Limited sales increased by 23 per cent. in money terms and 10 per cent. in real terms. The increase in the building and consumer products division was favourably affected by the launch of eleven new products which accounted for 40 per cent. of the real increase in sales. The industrial division also showed significant volume increases and new product introductions have continued in the current year.

Profitability did not increase at the same rate as sales during the second half due to some fall-off in demand, the inability to pass on cost increases, significant increases in promotional expenditure and a large capital investment programme. Total capital expenditure amounted to £520,268, against £310,435 for the previous year.

The most significant item of capital expenditure was the investment in a four metre wide coating plant, which will enable the group to supply hot melt coated hessian to the carpet industry for a new process to manufacture Axminster and Wilton type carpets. The process, which was jointly developed by Evode, Stone-Platt and Bond Worth Carpets, has been adversely affected, temporarily, by the financial difficulties of the Bond Worth Group. However, significant sales of coated hessian are expected during 1979/80, says the chairman.

Evode Waterproofing Systems suffered during the first six months in view of the adverse weather conditions. However, a strong order book quickly enabled the company to recoup the situation and finish the year with record sales and profits.

Allweather Evode Paints achieved an increase in sales of 27.40 per cent., and considerably increased profits while ... Supplies lifted sales by 20 per cent. and improved profitability in an industry that revived considerably in the period.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Campari, Robert M. Douglas.
Finals—Armour Trust, Charles Baynes, Commercial Union Assurance, Ransomes Sims and Jefferies.

FUTURE DATES

Interims—	
HTV	Mar. 16
Lake and Elliot	Mar. 8
Macallan-Glenlivet	Mar. 23
Malaysian Tin Dredging	Mar. 2
Parker Knoll	Mar. 6
Sandhurst Marketing	Mar. 7
Sungei Krian Rubber	Mar. 2
Walker (Thos.)	Mar. 7
Finals—	
British Vita	Mar. 2
Clarke (T.)	Mar. 15
Goldman (H.)	Mar. 6
Greenfield Millets	Mar. 7
Hestair	April 20
Investment Trust of Guernsey	Mar. 1
Metalrax	Feb. 28
Needlers	Mar. 9
Weeks Associates	April 19

Medens ahead at midterm

Medens Trust, the South-coast based instalment finance and banking group, announce profits before tax for the half-year to December 31, 1977, of £153,962, compared with £100,870 for the corresponding period in 1976 and £120,307 for the half-year to June 30 last. The net interim dividend has been increased from 0.2625p to 0.34p per share.

Mr. J. A. K. Collins, the chairman, says the statutory controls which were reintroduced in December, 1973, still restrict the terms on which the hire-purchase subsidiary transacts the greater part of its business. Nevertheless hire-purchase turnover at £5.7m. is a record figure for a half-year. To increase business further in that area Medens has just acquired control of a local finance company in mid-Kent with outstandings exceeding £200,000.

Trading has remained buoyant during the opening weeks of 1978 and Mr. Collins anticipates a final dividend increased to the maximum permitted.

Caution at Glasgow Stockholders

Mr. Andrew Rintoul, the chairman of Glasgow Stockholders Trust says in his annual statement that the company are cautious about the immediate outlook, both in the U.K. and in the U.S. But, not to the extent of going liquid to any material percentage.

The chairman adds that the Trust has a portfolio of "good quality investments" from which it expects to receive increased revenue and should some of the present economic uncertainties be resolved favourably, the company intends to increase its overseas portfolio.

As already known, for 1977 pre-tax revenue rose from £406,876 to £501,032 and the dividend is stepped up to 2.4p (2.05p) net.

Mr. Rintoul says that 1977 was a year when overseas markets went one way and the U.K. market went the other; in addition currency and dollar premium variations worked against the company. The combined effect was to alter materially the geographical distribution of investments, in terms of market value. There is now 40 per cent. of the portfolio invested overseas, compared with 56 per cent. last year.

The overseas currency loan of $US3.2m. was renewed for a further five years. Liquidity increased by £139,190 against a decrease of £331,596.

Meeting, Glasgow, on March 21 at 11 a.m.

Hirst and Mallinson to improve

AN OVERALL improvement on last year's result is anticipated for Hirst and Mallinson, the Huddersfield distribution and textiles group, in 1977-78, Mr. M. D. Crompton, the chairman, says in his annual statement.

However, static demand in the U.K. and indications that exporting may be difficult make it unlikely that the first-half result will be much better than that for the second half of last year, Mr. Crompton points out.

On the year as a whole, he says: "If the forecast increase in consumer spending brings us the benefits which we anticipate, and providing we are able to attain the expected level of export sales, we should see an improvement on last year's results."

As reported on February 9, pre-tax profit rose from £175,300 to £330,100 in the year to October 29, 1977, after £216,700 (loss £54,600) for the first half. The net dividend total is up from 1.63p to 1.8p a 20p share the maximum permitted. Stated earnings per share advanced from 4.7p to 8.4p.

Demand in the U.K. remained flat throughout the year, Mr. Crompton says. But new success was gained overseas, with the value of direct and indirect exports increasing from £2.97m. to £4.76m. Exports now represent almost half of the turnover of those companies in the group that are able to export.

The chairman reports a year of development for the pharmaceuticals division and an excellent period for the catering equipment section, but the textiles division had a difficult year and the removals market declined further.

Meeting, Huddersfield on March 22 at 11.30 a.m.

Outlook for Great Northern

WHILE immediate growth prospects for the major world economies are far from clear, Lord Weir, the chairman of Great Northern Investment Trust believes that the trust's portfolio has a geographical and industrial spread in areas with above average prospects, and that growth in revenue will continue to be achieved from this base in the years ahead.

As reported on January 17, gross revenue advanced from £2.98m. to £3.42m. in the year to November 30, 1977, and pre-tax revenue rose from £2.53m. to £3.14m.

Lord Weir tells members that the underlying weaknesses and problems of the U.K.'s industrial system remain unaltered, even if temporarily disguised by a politically convenient euphoria, but its international standing has improved, and this has been reflected in the strong advance in the U.K. stock market. By comparison the U.S. market has been particularly weak, largely influenced by the lack of an effective energy policy and the consequent decline in the U.S. dollar.

However, the Board believes that the U.S. market represents excellent value on fundamental long-term investment considerations.

The other overseas investments, which are all financed through the investment currency premium market, in total remained virtually unchanged during the year.

It has therefore been the performance of the U.K. stock market which has reduced the proportion of the valuation of funds invested overseas at the year end.

The balance-sheet reflects the rise in the U.K. stock market by the end of the year, and net current assets of £2.3m., while higher than a year ago in monetary terms, represent virtually the same proportion of capital employed. Almost 90 per cent. of this sum is held in overseas currency.

Meeting, Glasgow, on March 20 at noon.

Freddie Mansfield

Sir Francis Sandilands, chairman of Commercial Union Assurance, full year results are due to be announced to-day.

Record growth at Lloyd's Life

A record surplus in the life assurance and annuity fund for the year to September 30, 1977, is reported by Sir Henry Mance, chairman of Lloyd's Life Assurance in his annual statement. The company has progressed steadily and positively both in premium growth and in profitability, he tells members.

The accounts show that the fund doubled in value over the year from $17m. to $34m. Premium income nearly tripled to $13.6m. against $4.6m., with single premiums at £9.1m. providing much of this growth. Investment income jumped from £1.8m. to £2.6m. and there was an increase of £5.7m. in the value of investments compared with a fall of £0.5m. in the previous year. Claims and annuity payments were slightly higher, while commission payments were more than double at £1.1m.

The actuarial valuation at the year end reveals a surplus of about £1m.—of which £250,000 came from the loadings in the premiums and tax reliefs exceeding management expenses. The Board has transferred a further sum of £250,000 from this surplus to shareholders' funds, reducing the deficit to £1.6m.

Sir Henry refers to the outstanding new business results over the year, with new single premiums tripling from £3.6m. to £11.9m., and regular premium business on an annualised basis jumping from £0.7m. to £1.2m. The company, he claims, is now firmly established in the financial planning and investment market and has achieved considerable success with its large single premium investment contracts, where the withdrawal facilities enable investors to take a tax deferred income on their capital outlay. Most of the investment is now going into the property and managed funds.

The figures show that the reorganisation made over three years ago, following a crisis over excessive expenses, has more than paid off. Sir Henry emphasises that strict control of expenses is still part of basic policy and that last year's growth was achieved by keeping within the expenditure budget.

The sales organisation, which was drastically reduced as a result of the reorganisation, still only consists of seven representatives covering London and the rest of the country.

The share capital of Lloyd's Life is held by various underwriting members of Lloyd's through the medium of their Premium Trust Funds. The share price, based on annual results, has this year been increased by 30 per cent. In addition, one (A) Ordinary share with special powers is held by the corporation of Lloyd's.

Horne Bros. expansion programme

The exceptional start up costs of new projects at Horne Brothers, together with the acquisition of additional retail sites, may depress 1977-78 results, Mr. R. J. Horne, the chairman says in his annual statement. But the group will then be in "an excellent position" to take advantage of the hoped for upturn in the British economy.

As known, pre-tax profits for this privately-owned menswear group advanced to £1.1m. for the 54 weeks to September 10 1977 compared with £0.33m. for the previous year, on sales of £15.76m. against £8.4m.

The chairman says that on an annual basis they are record figures and have been achieved at a time when the menswear industry has had to face enormous changes in economic, social and design terms.

The chairman says, that the group's investment programme is very much linked to its new corporate structure where separate subsidiaries for each major activity of the company have been set up below the parent company.

A source and application of funds shows an increase in liquid funds of £657,022 compared with a £154,432 decrease.

Receiver for Shunic

Richard Floyd of London accountants Floyd, Nash and Co., has been appointed Receiver of Shunic and is offering the business for sale at £300,000.

Shunic of Stevenage, Herts., manufacturers metal components and office accessories.

The directors say that the company has assets in excess of its liabilities and has a good order book. But has lacked operating funds to finance adequate turnover to achieve its profit potential.

The Receiver considers the business a viable proposition for acquisition by an organisation with sufficient resources to update plant and equipment as well as provide management. The company will continued to trade in Receivership.

FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times:—

Dravo Corporation (Section: Overseas—New York).

Lazard Bros. Sterling Res. Prf. (Section: Trusts, Finance, Land).

Provincial Laundries

Provincial Laundries has exchanged contracts to purchase the whole of the issued share capital of Dorrington Sheetings for £38,369 payable in cash which sum represents the net tangible asset value of Dorrington.

As part of the arrangements Mr. Dorrington will, following completion, purchase from Dorrington its premises in Macclesfield for the sum of £33,530 which amount will extinguish Dorrington's liability on loan account to Mr. Dorrington. The business of Dorrington will be relocated to Provincial's premises in Manchester.

Dorrington, Provincial's principal suppliers of linen, operates as textile converters specialising in sheets, pillow cases, bath, hand and tea towels. Net profit before tax for the year ended March 10, 1977 amounted to £3,283.

It is Provincial's intention to introduce new marketing techniques which will enhance the profitability and growth of Dorrington's existing business.

SIMCO MONEY FUNDS
(Saturn Investment Management Co. Ltd.)

Rates of deposits of £1,000 and upwards for w/e 26.2.78

7-day Fund	% p.a.
Mon.	5.747
Tues	5.757
Wed	5.793
Thur	5.579
Fri./Sun	5.704
3-Month Fund	
Wed	6.125

SHIPPING

Oil tanker trade slack to most destinations

FINANCIAL TIMES REPORTER

LAST WEEK saw very little new business for VLCCs (very large crude carriers) on world tanker markets.

Demand for these vessels in the Persian Gulf was practically non-existent. One VLCC fixed for Japan had to concede the lower rate of Worldscale 19.5 to obtain cover. But the Gulf had more requirement for smaller vessels, between 50,000 and 150,000 tons for various destinations.

A 55,000 ton tanker for a voyage via the Suez Canal to Italy obtained Worldscale 55 while a similar capacity vessel from the Gulf to Mombasa obtained Worldscale 65.

Among larger vessels, a 130,000 ton ship to the West obtained Worldscale 23.5 compared with an east bound vessel, which closed at 30.5.

Loadings out of Indonesia have been on a par with normal and rates show little variation from the previous week, with a 90,000 ton vessel closing at Worldscale 40 for a voyage to the U.S. west coast. This compares with Worldscale 42 for an 80,000 ton ship.

Demand for ships loading in the Mediterranean is stable and comparable with previous weeks. Once again the U.S. Atlantic coast and Gulf have been the dominant discharge areas for crude, with a 105,000 ton ship fixed at Worldscale 32.5 and a 58,000 tonner at Worldscale 44.25. Voyages to Europe have been mainly confined to clean requirements where current rates stand at Worldscale 140/145.

Moderation has marked West African loadings, with a 125,000 tonner accepting a part cargo of 105,000 tons for a voyage to the Caribbean at Worldscale 40. Demand for tankers out of the Caribbean has been patchy.

Ballasting

Long-term inquiries remain dull, with no reaction from British companies which have requirements.

Other reports view the Caribbean Sea as encouraging for owners, with rising interest in 30,000 to 50,000 tonners. But few observers see this firmness lasting much beyond the end of February.

Last week brokers suggested March may offer improved conditions, with owners reserving judgment on ballasting large ships back to the Persian Gulf for further severe loss-making voyages.

But by to-day it is estimated that there will be 12.5m. tons spare capacity available in the Gulf to the end of March, of which half will be sitting on spot capacity.

Mental health policy 'ignored'

IN SPITE of goodwill in Whitehall for the plight of the mentally ill and handicapped, virtually no impact has been made on local health authorities persuading them to change priorities, the National Association for Mental Health claims to-day.

"The Government's document 'The Way Forward' is a major disappointment. It highlights once again central Government's inability to influence local decision-making. Inertia in many authorities, and political pressure, made promises about priorities of the consultative document no more than empty words."

'Cheaper petrol' at Savacentre'

SAVACENTRE, the joint venture company of Sainsbury and British Home Stores, whose first hypermarket opened in Washington, Co. Durham, in November, says that it is to cut the price of four-star petrol to 69p from to-day for 14 days.

Fire hits jobs

A TOTAL of 190 workers have been made redundant after last month's £4m. fire at Loughborough dye works. The company said yesterday that it would take between 12 and 18 months to build a new factory and it was not able to retain the workers during that time.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Years
Barnsley Metro. (0226 203232)	9½	½-year	250	4-7
Poole (02013 5151)	9¼	½-year	500	4
Poole (02013 5151)	9½	½-year	500	5-7
Reading (0734 592337)	10	½-year	1,000	5-7
Redbridge (01-478 3020)	10	½-year	200	[illegible]
Southend (0702 49451)	9	½-year	250	3
Thurrock (0375 5122)	9¼	½-year	300	4
Thurrock (0375 5122)	10	½-year	300	5-7
Wrekin (0952 505051)	8	½-year	500	2
Wrekin (0952 505051)	10	yearly	1,000	[illegible]

[illegible]nding dividends

[illegible] convenience of readers the dates when some of the [illegible]rtant company dividend statements may be expected in [illegible]w weeks are given in the following table. The dates [illegible] those of last year's announcements except where the [illegible] Board meetings (indicated thus*) have been officially [illegible] It should be emphasised that the dividends to be [illegible] will not necessarily be at the amounts or rates per cent. [illegible] column headed "Announcement last year." Preliminary [illegible] usually accompany final dividend announcements.

	Date	Announcement last year		Date	Announcement last year
[illegible]	Feb. 28	Final 5H50.44	*Waterford Glass	Feb. 29	Final 0.8276
[illegible]er	Mar. 30	Final 2.75945	Weir Group	Mar. 22	Final 3.19
[illegible]	Mar. 9	Final 2.75	Willis Faber	Mar. 28	Final 5
[illegible]	Mar. 6	Fin. 3.2346 fcst.	Wilmot-Breedon	Apr. 13	Final 1.75893
[illegible]on	Mar. 14	Final 2.1799	*Woolworth (F. W.)	Mar. 6	Final 2.725
[illegible]	Mar. 22	Final 4 fcst.	Youghal Carpet	Mar. 23	Final 4.80
[illegible]	Mar. 10	Int. 1.43			
[illegible]	Mar. 28	Final 1.317			
[illegible]e	Mar. 30	Final 3.249			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

[illegible]ic Works Loan Board rates

Effective from February 18

	Quota loans repaid by EIP†	by ER‡	at maturity	Non-quota loans A* repaid by EIP†	by ER‡	at maturity
[illegible]	9¾	9¾	10	10¼	10¼	11½
[illegible] to 10	10⅛	10⅜	11¼	11½	11⅜	11½
[illegible] to 15	11	11½	11¾	11⅝	11½	12¼
[illegible] to 25	11½	11¾	11¾	12	12¼	12¾
[illegible]	11¾	12	12	12¼	12¼	12¾

[illegible]quota loans B are 1 per cent. higher in each case than non-[illegible] A. † Equal instalments of principal. ‡ Equal repayments.

[illegible]ENT ISSUES

EQUITIES

Issue Price p.	Amount Paid up	Latest Renunc. Date	1977/8 High	Low	Stock	Closing Price p.	+ or −	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1977/8 High	Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Automated Secs. [illegible] Cnv. Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bailey's of Yorkshire 10% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Centrewey [illegible] Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Grampian Reg. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kensington & Chelsea [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Leicester Variable 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pearson [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tameside Variable 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Whitecroft [illegible] Cum. Pref.	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p.	Amount Paid up	Latest Renunc. Date ●	■	1977/8 High	Low	Stock	Closing Price p.	+ or −
[illegible]	[illegible]	1.3	31.3	21pm	16pm	A.G.B.	19pm	−1
[illegible]	[illegible]	—	—	10pm	8pm	Beaumont Properties	9pm	—
[illegible]	[illegible]	6/1	10.3	[illegible]	[illegible]	Caledonia	63	−1
[illegible]	[illegible]	24.2	10.3	194½	190	Comm. Bank of Australia	190	[illegible]
[illegible]	[illegible]	3.3	31.3	11pm	8pm	Crystalate	10pm	−½
[illegible]	[illegible]	1.2	17.3	42½	38	L.R.C. International	38	[illegible]
[illegible]	[illegible]	20.2	60.3	[illegible]	24	Manchester Garages	24	−1
[illegible]	[illegible]	21.2	31.3	347	330	Midland Bank	330	−5
[illegible]	[illegible]	17.2	8.3	201	181	National Bank of Australasia	190	[illegible]
[illegible]	[illegible]	10.2	10.3	94	[illegible]	Nelli (Jas.)	85	−1
[illegible]	[illegible]	3.2	3.3	[illegible]	71	Preedy (Alfred)	81	−1

[illegible]ation date usually last day for dealing free of stamp duty. b Figures [illegible] prospectus estimate. g Assumed dividend and yield. u Forecast dividend: [illegible] on previous year's earnings. F Dividend and yield based on prospectus [illegible]icial estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows [illegible]ion of shares not now ranking for dividend or ranking only for restricted [illegible]. § Placing price to public. ¶¶ Pence unless otherwise indicated. ¶ Issued [illegible]. Offered to holders of Ordinary shares as a "rights." ** Rights [illegible] capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued [illegible]on with reorganisation merger or take-over. ‖ Introduction. □ Issued [illegible] Preference holders. ■ Allotment letters (or fully-paid). ● Provisional [illegible]aid allotment letters. ★ With warrants.

BASE LENDING RATES

[illegible]. Bank	6½%	■ Hill Samuel	§ 6½%
[illegible]d Irish Banks Ltd.	6½%	C. Hoare & Co.	† 6½%
[illegible]rican Express Bk.	6½%	Julian S. Hodge	7½%
[illegible] Bank	6½%	Hongkong & Shanghai	6½%
[illegible] Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
[illegible]y Ansbacher	6½%	Keyser Ullmann	6½%
[illegible]o de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
[illegible] of Credit & Cmce.	6½%	Lloyds Bank	6½%
[illegible] of Cyprus	6½%	London & European	8½%
[illegible] of N.S.W.	6½%	London Mercantile	6½%
[illegible]que Belge Ltd.	6½%	Midland Bank	6½%
[illegible]que du Rhone	7 %	■ Samuel Montagu	6½%
[illegible]lays Bank	6½%	■ Morgan Grenfell	6½%
[illegible]ett Christie Ltd.	8½%	National Westminster	6½%
[illegible]nar Holdings Ltd.	7½%	Norwich General Trust	6½%
[illegible] Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
[illegible]m Shipley	8½%	Rossminster Accept'cs	6½%
[illegible]ida Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
[illegible]tol C & C Fin. Ltd.	9 %	Schlesinger Limited	6½%
[illegible]er Ltd.	7 %	E. S. Schwab	8½%
[illegible]r Holdings	8 %	Security Trust Co. Ltd.	7½%
[illegible]rterhouse Japhet	6½%	Shenley Trust	9½%
[illegible]E. Coates	7½%	Standard Chartered	6½%
[illegible]solidated Credits	6½%	Trade Dev. Bank	6½%
[illegible]perative Bank *	6½%	Trustee Savings Bank	6½%
[illegible]nthian Securities	6½%	Twentieth Century Bk.	7½%
[illegible]dit Lyonnais	6½%	United Bank of Kuwait	6½%
[illegible] Cyprus Popular Bk.	6½%	Whiteaway Laidlaw	7 %
[illegible]can Lawrie	6½%	Williams & Glyn's	6½%
[illegible]l Trust	6½%	Yorkshire Bank	6½%
[illegible]lish Transcont	8 %		
[illegible]t London Secs.	6½%		
[illegible]t Nat. Fin. Corpn.	8½%		
[illegible]t Nat. Secs. Ltd.	8 %		
[illegible]ony Gibbs	6½%		
[illegible]hound Guaranty	6½%		
[illegible]ndlays Bank	‡ 6½%		
[illegible]nness Mahon	6½%		
[illegible]nbros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits [illegible].
† 7-day deposits on sums of £10,000 and under [illegible], up to £25,000 [illegible], and over £25,000 [illegible].
‡ Call deposits over £1,000 [illegible].
§ Demand deposits [illegible].
¶ Rate also applies to Sterling Ind. Secs.

INTERNATIONAL COMPANY NEWS

Perrier sets three-year target for full earnings recovery

BY DAVID WHITE

PARIS, Feb. 26.

THE OUTLOOK for the Perrier soft drinks group has substantially improved now that it *has successfully got rid of the* majority share in its loss-making dairy subsidiary Preval. M. Gustave Leven, group chairman, said that Perrier could look forward to regaining in two or three years' time the level of profitability it enjoyed before it ran into bad times in 1973. The company would stick to a policy of seeking to distribute 60 per cent. of its profits, he said.

Last Thursday, Perrier announced net profits of Frs.37m. (about $7.4m.) in the year ended last September, sharply higher *than the Frs. 13.6m. registered* the year before, which followed a loss of Frs.7m. in the rock-bottom year of 1974-75. The 1976-77 figure included Frs.18.9m which had previously been set aside as a provision to cover losses at Preval.

The company is proposing a dividend of Frs. 7.50, including tax credit, more than twice last year's Frs.3.60. In the previous year the dividend had been sliced from Frs. 12 to Frs. 6.

Perrier has been trying to divest itself of the dairy and food interests it picked up in *the 1960s, and which have since* proved a financial burden, and to concentrate on the soft drinks sector, *with particular regard to* expanding its market penetration in the U.S. Perrier is responsible for three of France's best-known mineral waters—Perrier itself, Vichy and Contrexeville.

Sale of the controlling share of Preval, a leading interest in *French milk, butter and cheese* production, was successfully completed in January, M. Leven said.

This was despite the announcement late last year of the government investigation into part of the deal, which involved state *banks carrying the initial weight* of the shareholding being made over the Preval's suppliers. This shareholding now amounts to 34 per cent., but the suppliers have secured the right to turn this into *a majority at a later stage.*

A 30.5 per cent. stake has gone to Union Laitiere Normande, a dairy producer, and 5 per cent. to a co-operative in Brittany. *This leaves Perrier with 30.5 per* cent. of Preval. M. Leven said that the company intended to sell off another 18 per cent. over the next five years and to wash its *hands of the remaining 12.5 per* cent. after that.

M. Leven said that the sale had enabled Perrier to recover Frs.157m., plus Frs.45m. in promissory notes to its former subsidiary.

Over the last few years the company has divested itself of *most of its non-drinks interests,* including chocolate. Asked about a proposal to sell Perrier's 41.3 per cent. in Caves et Producteurs Reunis de Roquefort, which *makes the pungent Roquefort* cheese, M. Leven said that profits there were expected to rise this *year* and that no decision on a sale had yet been reached.

Babcock and Wilcox Spain court move

BY ROBERT GRAHAM

MADRID, Feb. 26.

BABCOCK and Wilcox Espanola, in which British Babcock and Wilcox has a 10 per cent. stake, has filed proceedings in a Bilbao *court to suspend all payments* to its creditors. Babcock, with a work force of over 5,000, is *Spain's leading supplier of* capital equipment, and is the biggest company so far in the *current recession to institute such* proceedings.

The company has been in a *state of crisis since the summer* but the management has been delaying application of proceedings in the hope of working out a solution to restructure the company. In its application to the court the company said it had outstanding debts of Ptas.15.9bn. ($194m.) against assets of Ptas.24.3bn. ($296m.).

The court must now decide whether the company's liquidity problem is permanent or temporary. Press reports have mentioned that some 4,000 creditors are involved. These are known *to include some of the major* banks, plus the Ministry of Finance and the State social security.

In addition the work force itself is an important creditor. A large number of small and medium-sized businesses in the industrial region round Bilbao are said to be extremely concerned by this development which could have a serious impact on their own cash flow position as suppliers to the company.

Gaz de France $100m. credit

By Francis Ghilès

Gaz de France, the French state gas corporation, is understood to have been offered a $75-100m. credit by a leading French state bank with terms which include a split spread over the interbank rate of [illegible] per cent. rising to [illegible] per cent.

This credit would be a back-up line for the equivalent amount *of commercial paper to be issued* in New York. Other European banks would be willing to come *in on such terms, but U.S. banks* will not participate.

While such an operation would *not be a benchmark for the* market, it does suggest that the fall in spreads may not yet be over, at least for prime borrowers. The commitment fee would be [illegible] per cent., in line with what other prime French names have been paying in recent months.

Money and Exchanges

Bank of England Minimum Lending Rate 6½ per cent. (since January 6, 1978)

The London money market *went through its usual bout of* nerves again last weeks, probably because old habits die hard. Heavy payments of tax left the market short of money on Wednesday, and there were some fears that the authorities would roll over the shortage by lending funds. *A signal from the Bank* of England that a rise in interest rates was called for was not considered out of the question, but in the event the authorities continued the recent policy of keeping rates steady by taking the full shortage out through pur*chasing a very large amount of* Treasury bills from the discount houses.

The amount of assistance was more than enough, and the houses found closing balances at 4-5 per cent., confirming earlier suggestions that the Bank of England Minimum Lending Rate is unlikely to rise before the Budget.

Conditions were very different on Thursday, with large Government disbursements in the shape *of the Rate Support Grant, lead*ing to a substantial surplus of money. The generosity of the authorities on Wednesday only exaggerated the situation, with banks bringing forward above target balances. The surplus was absorbed when the Bank of Eng*land sold Treasury bills to the* houses on the same scale that they had bought them the previous day.

The authorities felt that they overdid the help on Friday, by buying a large amount of Bills, but houses had difficulty finding closing balances. Banks are expected to bring forward sizeable surplus balances, but the call on a gilt-edged stock is expected to take money out of *the system.*

Hopes of a settlement of the U.S. miners strike helped the dollar to stage a *recovery in the* foreign exchange market on Friday, but matters were very confused by news of curbs on the inflow of foreign capital into Switzerland.

Heavy intervention by central banks had failed to prevent the dollar from falling to its lowest *level ever against major curren*cies earlier in the week, and the currency was still very depressed in early trading on Friday.

Persistent intervention by the *Bank of Japan reduced the up*ward pressure on the yen, but there remained heavy demand for *Swiss francs and D-marks.* The Swiss franc touched Sw.Frs.1.77 against the dollar on Friday, but closed at Sw.Frs.1.8550, while the D-mark touched DM2.01, before *closing at DM2.03.*

Sterling fell 1½ cents on the week to $1.9280-1.9320, after touching $1.9530-1.9550 earlier on Friday. Its trade-weighted index on Bank of England figures, fell to 65.3 from 65.9.

Gold touched $182¾-183¼, the *highest level since February 1975,* but closed at $180-180¾ on Friday.

Feb. 24 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	5-9	—	—	—	5-6½	5-6½	—	—	—
2 days notice	—	—	5⅞-6	—	—	—	—	—	—	—
7 days or 7 days notice	—	5⅝-6¼	5⅞-6¼	—	5⅞-6½	6½	5½-5¾	—	—	—
One month	6⅛-6⅛	6⅛-6½	6⅛-6⅜	6¼-6⅛	6½-6¾	6⅝	6¼	[illegible]	[illegible]	7
Two months	6½-6⅜	6⅛-6⅞	—	6⅜-6¼	6¾-7	—	6	[illegible]	[illegible]	7
Three months	6¾-6⅝	6⅞-7	6¾-6⅞	6⅞-6¾	6⅞-7⅛	7½	6¼	5¾-6	[illegible]	7
Six months	7⅜-7⅜	7⅛-7⅜	7¼-7½	7-6⅞	7⅛-8	—	—	—	7⅛	7-7¼
Nine months	7½-7⅝	7⅞-8	—	7¼-7⅜	8¼	—	—	—	—	—
One year	8-7⅞	8-8⅛	7⅞-8	8⅛-7⅞	8½	—	—	—	—	—
Two years	—	—	8⅞-9	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent.

Approximate selling rates for one-month Treasury bills [illegible] per cent.; two-months [illegible] per cent.; and three-months [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-months [illegible] per cent.; and three-months [illegible] per cent.; one-month trade bills [illegible] per cent.; two-months [illegible] per cent.; and also three-months [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent. from [illegible] 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 3 per cent. Clearing Bank Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.9755 per cent.

FOREIGN EXCHANGES

Feb. 24	Bank rate %	Day's spread	Close	One month	p.a. %	Three months	p.a. %
New York	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Montreal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Madrid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

‡ Rates given are for convertible francs. Financial franc [illegible].

OTHER MARKETS

Feb. 24	£	$		Note Rates
Argentina	[illegible]	[illegible]	Argentina	[illegible]
Australia	[illegible]	[illegible]	Austria	[illegible]
[illegible]	[illegible]	[illegible]	Belgium	[illegible]
Finland	[illegible]	[illegible]	Denmark	[illegible]
Greece	[illegible]	[illegible]	France	[illegible]
Hong Kong	[illegible]	[illegible]	Germany	[illegible]
Iran	[illegible]	[illegible]	Italy	[illegible]
Kuwait	[illegible]	[illegible]	Japan	[illegible]
Luxembourg	[illegible]	[illegible]	Netherlands	[illegible]
Malaysia	[illegible]	[illegible]	Norway	[illegible]
New Zealand	[illegible]	[illegible]	Portugal	[illegible]
Saudi Arabia	[illegible]	[illegible]	Spain	[illegible]
Singapore	[illegible]	[illegible]	Switzerland	[illegible]
South Africa	[illegible]	[illegible]	United States	[illegible]
U.A.E.	[illegible]	[illegible]	Yugoslavia	[illegible]

Rate given for Argentina is a free rate.

EXCHANGE CROSS-RATES

Feb. 24	Frankfurt	New York	Paris	Brussels	London	Amst'dam	Zurich
Frankfurt	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New York	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]
Amst'dam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

U.S. $ in Toronto U.S. $ = 111.48-50 Canadian cents.
Canadian $ in New York = [illegible] cents. U.S. $ in Milan [illegible].
Sterling in Milan [illegible].

EURO-CURRENCY INTEREST RATES*

Feb. 24	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-French deposit rates: two-day [illegible] per cent.; seven-day [illegible] per cent.; one-month [illegible] per cent.; three-month [illegible] per cent.; six-month [illegible] per cent.; one year [illegible] per cent.

Long-term Eurodollar deposits: two years [illegible] per cent.; three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month [illegible] per cent.; three-months [illegible] per cent.; six-months [illegible] per cent.; one year [illegible] per cent.

* Rates are nominal calling rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

GOLD MARKET

	Feb. 24	Feb. 23
Gold Bullion (a fine ounce)		
Close	$180 180¾	$182½-183¼
Opening	$183 [illegible]	[illegible]
Morning fixing	$183.75	$182.60
Afternoon fixing	[illegible]	$185.20
[illegible]	[illegible]	[illegible]
Gold Coins, domestically		
Krugerrand	$187-189	$190¼-192¼
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins, internationally		
Krugerrand	$185-187	$188-190
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]

FORWARD RATES

	One month	Three months
New York	[illegible]	[illegible]
Montreal	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]
Brussels	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]
Madrid	[illegible]	[illegible]
Milan	[illegible]	[illegible]
Oslo	[illegible]	[illegible]
Paris	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]
Vienna	[illegible]	[illegible]
Zurich	[illegible]	[illegible]

Six-month forward dollar [illegible]. 12-month [illegible].

CURRENCY RATES

Feb. 24	Special Drawing Rights	European Unit of Account
Sterling	0.650985	0.644811
U.S. dollar	1.25187	1.25535
Canadian dollar	1.37996	1.39592
Austria Sch.	17.9735	18.2902
Belgian franc	38.6712	39.6623
Danish kroner	6.97112	7.01711
Deutsche mark	2.48112	2.55631
Guilder	2.65692	2.73199
French franc	5.87025	6.01680
Lira	1065.44	1069.76
Yen	293.066	298.495
Norwegian kroner	6.49917	6.53834
Peseta	99.5611	100.576
Swedish krona	5.66580	5.76319
Swiss franc	2.19615	2.25803

MINING NOTEBOOK

We talked of gold and many things

BY LODESTAR

THERE IS nothing like a bout of 'flu *to concentrate the mind and* provide time to have prolonged sessions on the telephone with various contacts at home and abroad in order to relieve the bed-bound boredom.

That said I must admit that rarely in my long association with the mining industry and its share markets have I found such a diversity of views and a consequent difficulty in arriving at a consensus *of opinion* although gloom remains unanimously widespread among miners of zinc, copper and nickel. Few can yet see any light at the end of these particular tunnels.

The gold-miners are still reason*ably bullish although one or two* of the more cautious among them continue to glance anxiously over their shoulders at the spectre of possible attempts by the U.S. *authorities to dampen down the* gold price rise.

How sensitive that price is to the dollar's gyrations was shown on Friday although bullion still *managed to remain above the* $180 level through which it had *decisively broken earlier on.* The next testing point comes with Wednesday's IMF auction. If this attracts bids of above $180 the feeling will be strengthened that *gold may storm the $200 bastion* before the end of the year.

If it does even the sluggish South African gold share market could be set alight. Meanwhile, *the pile of stockholders' circulars* discussing its prospects grows ever higher despite the lurking political shadows. A close study of the various outpourings reveals *the extraordinary diversity of* analytical opinion when it comes down to the nitty-gritty of making buy and sell recommendations.

The same stock can, and does, appear as a buy on one list and a sell on another. A pin would seemingly come in handy. Going somewhat on the proportional *representation principle I find* there is a predominance of "buy" votes for Randfontein and Vaal Reefs in the gold-uranium class and for Libanon and Western *Areas in the gold only section.*

Hartebeest is an intriguing share about which analysts agree to differ but Laing and Cruickshank put forward a fairly persuasive case for this gold-uranium stock to be in the "buy" category concluding that "it *should be considered one of the* blue chips of the mining sector."

All this welter of conflicting opinion was cast aside by one normally shrewd observer with the verdict *"don't bother about* South Africa if you want to fol*low a gold price boom but go for* Bougainville and also participate *in the copper revival that must* come about eventually." My only criticism was that these shares tend to be much *more sluggish* movers than, say, Hartebeest or *Libanon of which there are con*siderably fewer available to supply the market. At least this particular informant was the only one who had anything good to say about a copper stock; it was thumbs down for all the rest.

From Australia the point was made that the search for gold is likely to hot up there particularly now that Telfer, the *new* Western Australian mine which *had such a long, hard struggle to* reach production, is making *profits for its progenitors Broken* Hill Proprietary and America's Newmont Mining.

The shares of Western Mining's Central Norseman are looked upon in Perth as a good gold price speculation while Gold Mines of Kalgoorlie should benefit *in due course from a decision by* America's Homestake to re-open *the old Fimiston property at* Kalgoorlie. Of the gold seekers, there is still some local enthusiasm for Spargos the prospects for which were discussed *here on January 16.* The shares have since risen to 16p.

Roles reversed

On the platinum front I was looking forward to publicising the latest forecast from my wizard of *the platinum oz that Rustenburg* would raise its selling price from $205 to $220 an ounce but the company beat me to it. In the free market Friday's London "fixing" was $232 compared with the recent four-year peak of $235.50.

Observers in Johannesburg to whom I talked were fascinated by the complete turn-round in the views of platinum prospects by Rustenburg and its rival Impala. For long the latter's Mr. Ian Greig tended to exude all the optimism with Rustenburg's Sir Albert Robinson preaching caution. Now it is Mr. Greig who is making the warning noises and once again holding back on any Impala price increase.

He would be "very nervous" of doing so until "the whole market has consolidated" which he does not think it has after its recent *rapid advance.* Mr. Greig *is no* doubt casting a nervous eye at the *big speculative* positions being built up in the U.S. where platinum along with gold is a popular hedge against the dollar's dolours.

Sir Albert, however, has taken the bull by the horns. The next favourable move that could boost Rustenburg shares would be any decision to rescind at least part *of the mine's production cutbacks.* Johannesburg still thinks that this is not on the cards yet awhile, probably not until platinum is at least $250.

But the whole situation is regarded as intriguing enough for forecasts that the shares of Rustenburg and Bishopsgate Platinum (the way into Impala) *should continue to move ahead in* 1978.

There has also been some speculative activity in the shares of the platinum "outsider" *Lydenburg that has not* been entirely due to its stake in Rustenburg. The Johannesburg talk about possible new gold-mining areas in South Africa has *brought to mind* Lydenburg's various mineral rights in the OFS. The company's Video deal with President Steyn is being cited.

That there will be other ground *to be turned to account must only* be regarded as a very long shot my Johannesburg contact reckoned and he thought that the shares should not be chased after on this score.

On diamonds and De Beers Johannesburg seems to be more *bullish than London where it is* still felt that the shares should *be sold into the rise that is taking* place in advance of the 1977 results which everybody knows will be good.

As one broker succintly put it, "in cum-premium terms *De Beers* should be thrown out when much above 300p and bought when they sink below this level." Johannesburg opinion appears to be more influenced by the company's awesome financial strength and the expression of confidence in 1978 diamond trade prospects represented by the sharp *increases in gem prices although* it is admitted that world sales are unlikely to be sustained at *last year's record levels.*

INSURANCE

When police refuse to answer questions about crimes

BY OUR INSURANCE CORRESPONDENT

INSURANCE COMPANIES and underwriters, by the very nature of their business, have always been targets *for the dishonest* proposer or claimant, the arsonist, and the unashamedly *criminal.*

This is partly why the law long ago singled out the insur*ance contract from all others,* making it a contract of utmost good faith, and partly why recently insurance contracts have been exempted from the Unfair Contract Terms Act.

It is in the interests of the vast, honest majority of policy*holders that insurance funds* continue to be protected from the depredations of the few. If they *are not, inevitably and perhaps* much quicker than any of us would expect, premiums would *rise, to contain the increased cost* of dishonest and fraudulent claims against which *insurers* could no longer defend themselves.

Insurers, like the rest of us, have always relied on the police to circumvent so far as possible *criminal activities,* and it has been a matter of increasing concern for insurers covering *property against crime* loss that such losses have continued to increase in *real terms because* the chances of detection and conviction have continued to decrease with *the undermanning of* the police forces.

Now the police in England, Wales and Northern Ireland (but not yet Scotland), are no longer to respond to insurers or their loss-adjusters when they quite properly ask any of the following *questions:*

Has a particular loss or theft been reported to the police?

Has the property been recovered?

Has the offender been arrested?

Views ignored

Has restitution or compensation been ordered by a court?

The decision to ignore requests for this kind of information was taken at a recent council meeting of the Association of Chief Police Officers, after a report *made to them by a special com*mittee that thousands of police man hours were spent daily on correspondence on insurance claims of all kinds.

It is almost derisory for the police to say that reports from insurers about possible fraudulent claims are to continue to be *dealt with under normal pro*cedures for allegations of crime, because by the positively planned *non-co-operation of their staff,* the police chiefs will deny insurers much of the information *necessary to ground such allega*tions.

Insurers have had some dis*cussions, both with Metropolitan* Police and with the Association of Chief Police Officers, in *recent months, and had hoped* that their views would have carried weight.

The decision by the police chiefs to ignore those representations can lead only to an increase in undiscovered crime and undetected fraud, to an ex*tent not easily calculable.*

From the police point of view, with present undermanning, saving of thousands of man-hours by abandoning what the general secretary of the police chiefs association has called "an unproductive job" is unarguably a desirable end, but only so long as one accepts the premise that *the job is in fact "unproductive."*

It is here that insurers say the police have got their values *wrong, that by their very action* the police will increase their policing problems in the future, *and increase the already growing* disregard for law and order.

Insurers can have no interest *in exposing to the public the* ways in which insurance swindles can be perpetrated, but a detailed list of the possibilities can, and may well be, submitted to the police *and the Home Office* to convince them of the need to retract the present instructions.

Such retractions must be in the interest not only of insurers but of every honest citizen, whether insurance policy-holders or not.

Heinz buying Foodways

PITTSBURG, Feb. 27.

AN AGREEMENT in principal to acquire Foodways National Inc. for about $50m. cash has been signed by H. J. Heinz. Heinz *is to pay $31 a share for Food*ways, which has 1,626,000 shares outstanding.

In 1977, Foodways had sales of $38m. and net income of $3.9m. The acquisition of Foodways, which makes and markets diet frozen foods under the weight-*watchers international* label, will allow Heinz to enter the weight control and *nutritional* health field.

Heinz recently reported net earnings for its 1977-78 first half of $43.3m on sales for the period of $1.1bn. The results represented gains of 23 per cent. and 12 per cent. respectively.

CONTRACTS AND TENDERS

Snim

SOCIETE NATIONALE INDUSTRIELLE ET MINIERE
Mauritanian Islamic Republic

NOTICE OF PREQUALIFICATION—A

The Société Nationale Industrielle et Minière (SNIM) plans to let works and supply contracts for the exploitation of new iron ore deposits to be mined in Mauritania.

The aim of the project, called the "Projet Guelbs" is to produce and transport, in the initial phase, 6 million tonnes annually, of iron ore concentrates produced from magnetite quartzites. *The "Projet Guelbs" will include: mining equipment, grinding and magnetic separation plant, various ore handling systems, electric power station,* railway equipment, buildings and housing.

To finance the cost of the project, the SNIM has requested loans from the following organisations:

—ABU DHABI FUND FOR ARAB ECONOMIC DEVELOPMENT
—ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT
—BANQUE AFRICAINE DE DEVELOPPEMENT
—BANQUE EUROPEENNE D'INVESTISSEMENTS
—BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DEVELOPPEMENT
—CAISSE CENTRALE DE COOPERATION ECONOMIQUE (FRANCE)
—KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT
—ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES
—SAUDI FUND FOR DEVELOPMENT

In addition to these loans, the SNIM will also dispose of funds from the following sources:

—REPUBLIQUE ISLAMIQUE DE MAURITANIE
—ARAB MINING COMPANY
—*ISLAMIC DEVELOPMENT BANK*

These organisations intend to apply the proceeds of these credits—which will be available in various currencies—to eligible payments under the contracts for which this notice has been issued. Payment by these organisations will be made only at SNIM's request and upon approval by the same organisations in accordance with the terms and conditions of the loan agreements, and will be subject, in all respects, to the terms and conditions of these agreements. Except as the organisations may specifically otherwise agree no party other than SNIM shall derive any right from the loan agreements or have any claim to loan proceeds.

The Société de Coopération Minière et Industrielle (SOCOMINE), PARIS, has been *entrusted by the SNIM with the management of the Project. In the initial phase, the* carrying out of the Project will entail in particular the following:

(A)—Works and supply of equipment:

A.1—Ore treatment

(a) a primary gyratory crusher, 2 500 T/h
(b) a ball-mill, 250 T/h
(c) screening equipment—size 1 600 microns—capacity 5 000 T/h—0-12.5 mm
(d) screening equipment—size 400-microns—capacity 500 T/h—0-1 600 microns
(e) 133 magnetic separators—permanent magnet type (Ø=0.90—L=2 m)
(f) 12 conveyor samplers:
— 1 for sizes 0-300 mm 2 500 T/h
— 11 sizes 0-1.6 mm 100 to 2 200 T/h
(g) 4 apron feeders type 0-300 mm—2 500 T/h
(h) 63 vibrating feeders for fines (variable output 25 to 2 200 T/h per unit)

A.2—Supply of electric power station equipment

(a) 4 Diesel generating sets, capacity 14 MW
(b) all electromechanical auxiliary equipment for a 56 MW capacity power station

A.3—Supply of railway equipment

(a) 2 type BB electric Diesel shunting locomotives 2 000/2 100 HP—weight 100 tonnes (approximately)
(b) 4 250 tonnes of 54 kg UIC rail
(c) 29 points—54 kg track—MN crossing
(d) 60 000 metal sleepers UIC 28 kg—2.47 m
(e) 40 000 impregnated wood sleepers—grade 5—UIC 863
(f) 285 000 sleeper clips
(g) 265 000 bolts
(h) 266 spring washers
(i) 245 000 galvanized sleeper screws

A.4—Earthworks—housing and miscellaneous

(a) general earthworks, 1 000 000 m3 (approximately)
(b) 520 accommodation units of various types (habitable area 2 600 m2)
(c) services to the above accommodation units
(d) 2 water supply pipelines each 30 km long (40 m3/h per unit)

With a view to selecting companies which will take part in the final tenders invited by SNIM/SOCOMINE for the carrying out of this project, any firm interested by the supply of equipment and works mentioned in (A) is invited to send to SOCOMINE a prequalification statement with supporting documents, clearly indicating the following:

1 Name, capital, yearly report and balance sheet
2 Information on manufactured material or work done of the same kind as that requested (catalogues and references)
3 Factories for the manufacture of the material and their sizes. Present and estimated work-load in percentage of capacity on a three-monthly basis
4 After sales service and spare parts service
5 Expected supply time after placing of order. Expected supply time of working drawings and technical data necessary for setting up equipment after placing of order. Time required for preparation of bid

This statement which will specify the number and details of the lot or lots for which the company is asking to be considered must reach the following address before March 10th 1978.

Société de Coopération Minière et Industrielle (SOCOMINE),
30, Rue Cambronne
75015 PARIS

Under reference "Projet Guelbs"—Notice of Prequalification A

Statements shall be written in French or English language.

SNIM/SOCOMINE reserve the right to verify the Companies' statements in order to *confirm their ability to carry out the work for which they are asking to be considered.* SNIM/SOCOMINE reserve the right to reject any tender from a potential supplier, no justification for the rejection of tender being necessary.

Qualified companies will be notified by letter. This letter will also state the amount of the non-refundable sum to be paid by cheque by each company before obtaining the final tender documents. The tender documents will become available in March, April, May, June and July 1978.

Qualified suppliers must pay a deposit when presenting their offers. Further prequalification notices regarding supply of other equipment and other works within the framework of the "Projet Guelbs" will appear at a later stage.

LEGAL NOTICES

No. 00(?) of 1978.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of NASIDE PROPERTIES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above named Company by the High Court of Justice was on the 22nd day of February 1978, presented to the said Court by NATIONAL WESTMINSTER BANK LIMITED ... [illegible]

CONFERENCES

LIABILITY FOR PRODUCT SAFETY

Important—one day conference at the Hotel Russell London on 7th March 1978.

For further details and reservations please contact:
Miss C. E. Boswell,
Conference Secretary
Executive Offices, 29 Octagon Parade, High Wycombe, Bucks.
Tel: High Wycombe (0494) 33171

APPOINTMENTS

[illegible]

FT GROCERY PRICES INDEX

Cost of meat falls £3 this month

BY DAVID CHURCHILL

THE COST of groceries which make up the Financial Times shopping index dropped this month for the first time since last summer.

The index fell by 1.69 points to 266.64, a drop of 0.6 per cent. This brings the index back to the level of last June.

The drop in the index appears to reflect the growing intensity of the price-war between the major supermarket chains rather than changes in food prices on the commodity market.

The FT grocery index covers some 11 supermarkets in the U.K.

The FT shoppers found that the price of meat and bacon was cheaper than the previous month and this was a major reason for the overall fall in the index. Compared with last month the total meat bill was down by almost £3.

There was also a continuing downward trend in coffee prices following the price cuts announced by the major processors last month.

The price of a four ounce jar of Nescafé was down to the £1.09 announced by the supermarket chains in most of the stores covered by the FT shoppers, although a few smaller supermarkets charged £1.16 a jar.

The price of tea—presently the subject of much debate between the tea blenders and the Department of Prices following last week's call from the Price Com*mission for the price to be cut*—ranged from 84p a pound to £1.14 a pound.

There was also a slight drop recorded in the price of bread, flour and cereals. A 24 ounce box of Quaker Oats, for example, was 7½p cheaper in one store compared with the previous month.

Egg prices were also down in a number of stores — by as much *as 7p a dozen in one supermarket in the North East.*

The major rise this month was in the price of frozen foods, up by over £2 in the whole basket.

As the FT shoppers monitor the same goods in the same shops each month, cheaper own brands in some stores are not reflected in the index.

The effect of the High Street supermarket price war in the index cannot be ignored, as there is little pressure on the commodity markets for a general cut in prices. However, the continuing effects of competition on prices is likely to keep rises down next month as well.

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FINANCIAL TIMES SHOPPING BASKET
FEBRUARY, 1978

	February £	January £
Dairy produce	147.45	148.92
Sugar, tea, coffee, soft drinks	84.07	86.98
Bread, flour, cereals	92.59	93.42
Preserves and dry groceries	28.36	28.73
Sauces and pickles	15.14	15.03
Canned goods	49.78	49.85
Frozen foods	43.07	40.87
Meat, bacon, etc. (fresh)	180.47	183.37
Fruit and vegetables	86.36	86.27
Non-foods	60.78	59.61
Total	788.08	793.05

INDEX: 266.64

1971: Feb. 100; Mar. 101.09; April 102.73; May 105.75; June 108.00; July 107.24; Aug. 105.40; Sept. 105.26; Oct. 104.35; Nov. 105.48; Dec. 108.26.

1972: Jan. 109.18; Feb. 109.10; Mar. 109.24; April 108.04; May 109.36; June 115.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 113.15; Nov. 11: 114.8; Nov. 18: 114.49; Nov. 25: 114.72; Dec. 2: 114.72; Dec. 9: 114.75; Dec. 16: 115.77.

1973: Jan. 117.56; Feb. 119.25; Mar. 120.53; April 123.80; May 125.57; June 128.81; July 127.64; Aug. 126.59; Sept. 129.39; Oct. 133.83; Nov. 135.83; Dec. 138.26.

1974: Jan. 141.41; Feb. 141.52; Mar. 142.66; April 8: 143.23; April 29: 142.64; May 145.17; June 147.97; July 146.22; Aug. 145.25; Sept. 147.6; Oct. 150.5; Nov. 156.39; Dec. 159.15.

1975: Jan. 162.84; Feb. 167.77; Mar. 173.50; April 178.49; May 183.41; June 193.02; July 188.45; Aug. 189.23; Sept. 186.64; Oct. 189.79; Nov. 194.78; Dec. 201.90.

1976: Jan. 208.33; Feb. 211.81; Mar. 216.60; April 222.43; May 226.78; June 222.82; July 216.71; Aug. 221.34; Sept. 230.34; Oct. 237.8; Nov. 241.53; Dec. 244.82.

1977: Jan. 251.03; Feb. 253.96; March 256.27; April 258.92; May 263.34; June 266.58; July 258.48; Aug. 256.46; Sept. 256.81; Oct. 257.98; Nov. 262.10; Dec. 266.42.

1978: Jan. 268.33; Feb. 266.64.

APPOINTMENTS

Hawker Siddeley director

Mr. J. M. Durber has been appointed a director of HAWKER SIDDELEY GROUP from March 1. At present deputy chairman and managing director of Brush Electrical Machines, he becomes chairman and continues as managing director of that company. He also remains chairman of Electric Construction (Wolverhampton).

★

Mr. C. K. R. Nunneley, a director of Robert Fleming Holdings, and Mr. H. M. Priestley, a director of Henderson Administration, have been appointed directors of SUEZ FINANCE COMPANY (LONDON), in replacement of Lord Wyfold and Mr. G. F. B. Grant, who have retired from the Board.

★

Mr. E. C. Fenna has been appointed to the Board of CARRON COMPANY and will be managing director of the plastics division.

★

Mr. Iain Thomson has been appointed a director of KNIGHT WEGENSTEIN.

★

Mr. P. J. Holloran, managing director of McCorquodale Books, has been appointed a director of McCORQUODALE AND CO.

★

Mr. A. R. Bonsor, Mr. M. J. Franzman and Mr. P. Heming Johnson will be joining the partnership of ROWE AND PITMAN HURST-BROWN, stockbrokers, at the close of business on April 10.

★

BANK OF SCOTLAND has made the following changes in its international division under Mr. James M. Young, joint general manager, from March 1.

Mr. I. F. Brown, an assistant general manager, is now divisional general manager; Mr. A. T. Gibson, an assistant general manager, has been appointed to London with responsibility for the development of international operations there. Mr. R. T. Edwards, senior representative, oil and international divisions, London, has been made an assistant general manager (resident in London); Mr. G. A. Wylie, manager, medium term export and shipping finance department, becomes an assistant general manager (resident in London); Mr. J. A. P. Cameron, a manager, international division, has been appointed an assistant general manager. Mr. I. M. Robertson, manager, business development department and oil division, has been made an assistant general manager; and Mr. I. D. Rae, overseas manager, is now chief overseas manager with the status of an assistant general manager.

★

KENNECOTT COPPER CORPORATION has created the position of chairman, elected a new president and three executive vice presidents, and appointed a new president of Carborundum.

Mr. F. R. Milliken, president of Kennecott for the past 17 years, takes over the newly-established post of chairman and will continue as chief executive officer. Mr. W. H. Wendel is Kennecott president. He and Mr. Milliken constitute the executive office of the Corporation. Mr. H. E. Richards, promoted to executive vice president of Kennecott, will be in charge of the financial department, corporate relations of that company and the staff division of Carborundum. Mr. F. J. Ross has been named president of Carborundum, remaining responsible for operations. Mr. M. Stern, senior vice president, promoted to executive vice president with continuing responsibility for corporate exploration, research, product development, engineering and planning and acquisitions. Mr. P. W. Joy, executive vice president, strategy for Carborundum will report to Mr. Stern, with the same responsibilities he now has. Mr. H. H. Kremer, president of the metal mining division has become executive vice president of Kennecott. He will continue to be responsible for the metal mining operations, Chase Brass and Copper Company Inc., and Quebec Iron and Titanium Corporation.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

BOARD MEETINGS—

Finals:
Armour Tst.
Baynes (Charles)
Comml. Union Ass.
Ransomes Sims and Jefferies

Interims:
Campari
Douglas (Robert M.)

DIVIDEND & INTEREST PAYMENTS—

Abbey 0.6125p
Bank of Montreal 26½ cts.
Bootham Engineers 0.125p
Dawson Intl. Ord. and A 1.77 (inc. supp. distbn. of 0.0305p o a yr. to 31 3/77)
Dixons Photographic 0.9075p
H.A.T. 1p
Hallis Bros. and E.S.A. 1.17975p
London and Northern 0.5p
Raeburn Invest. Tst. 2.6p
Turner Curzon 0.315p
Turner Manufacturing 2.293p

TO-MORROW

COMPANY MEETING—

Berisford (S. and W.), Tower Hotel, E.C., 12

BOARD MEETINGS—

Finals:
Brainie (T. F. and J. H.)
Broadstone Inv. Tst.
First Scottish American Tst.
Hongkong and Shanghai Bkg.
Imp. Metal Inds.
Metalrax
Mnt Charlotte Invs.
Natl. Westminster Bk.
Sedgwick Forbes
Waterford Glass
Wolsehouse and Rixson

Interims:
Rare Eng.
Ross II

DIVIDEND & INTEREST PAYMENTS—

Agricultural Mortgage Corp. 4½pcDb. 77-82 2¼pc
Allied Leather 5pcPf. 1.75pc
Allied Plant 0.3p
Arnott London Properties 5¼pc
Amalgamated Distilled Products 0.5p
Associated Biscuit Db. 3pc
Atkins (Hosiery) 5½pcPf. 1.925pc
Bankers Invest. Tst. 0.3p
Berry Tst. Ln. 2¼pc
Bristol 8¼pcBds. Red. 6 9 78 4¼pc
British Inds. and Gen. Invest. Tst. Db. 3¼pc
Burmah Oil Ln. 4¼pc
C.L.R.P. Invest. Tst. Db. 3pc
Cannock Chase 8¼pcBds. Red. 6 9 78 4¼pc
Carter Hawley Hale Stores 25 cts
Central London Gtd. Assd. 1pc
Centreway 6.001p
City and Intl. Tst. 5pcPf. 1.75pc. Ln. 2¼pc
City of London Brew. and Invest. Tst. 20pcPf 7pc. 6pcPfs. (1st and 2nd) 2 1pc. Did. 0.6p
Combined English Stores Ln. 4¼pc
Croda Intl. Ln. 5¼pc
Crunite 1.6875p
Dacorum 9¼pcBds. Red. 29 8 79 4¼pc
Decca 5pcPf. 1.75pc
Derby Tst. Inc. shs. 7.15p
Dobson Park Inds. 1.299p
Dowty Ln. 3¼pc
Duport 5pcPf. 1.75pc
Edinburgh 8¼pcBds. Red. 6 9 78 4¼pc
Equity Inc. Tst. Dbs. 2¼ and 3¼pc
Foster Bros. Clothing 5½pcPf. 1.925pc
Foster (John) Ln. 4¼pc
General and Commercial Invest. Tst. 5½pc Pf. 1.925pc
Grant (James) Db. 3¼pc
Greatermans Stores Pf. 3pc. Pfs. (1st 2nd and 3rd) 2.93277p
Guthrie Corp. Ln. 3¼pc
Hastings 8¼pcBds. Red. 6 9 78 4¼pc
Hepworth (J.) Dbs. 2¼ 3¼ and 3¼pc
Hillingdon 8¼pcBds. Red. 6 9 78 4¼pc
Hughes Tool 17.5 cts.
ICL Db. 3pc
Industrial and Commercial Finance Corp. Dbs. 2¼ 3¼ (91-94) and 4¼pc
Inveresk 4.2pc1stPf. 2.1pc. 4.2pc2nd Pf 2 1pc
Kaiser Aluminum and Chemical Corp. 40 cts.
Kakuzi 40 cts. and 20 cts. (Special)
Kirklees 8¼pcBds. Red. 6 9 78 4¼pc
Kynoch (G. and G.) 6½pcPf. 2.275pc
Le a Invest. Tst. Inc. shs. 1.782p
Leeds 8¼pcBds. Red. 6 9 78 4¼pc
Leicestershire 8¼pcBds. Red. 6 9 78 4¼pc
Liverpool 13pc 1985 £5.54
London 6pc 76-79 3pc
London and Holyrood Db. 2¼pc
London and Scottish Marine Oil Ln. 7pc
London and Strathclyde Tst. 5pcPf. 1.75pc
Lyle Shipping 6¾pcPf. 2.3625pc
Magnet Joinery Db. 4¼pc
Manchester 8¼pcBds. Red. 6 9 78 4¼pc
May and Hassell 6pcPf. 2.1pc
Merton 8¼pcBds. Red. 6 9 78 4¼pc. 9¼pcBds. Red. 29 8 79 4¼pc
Metal Box Ln. 3pc
Metropolitan Water 8a 5¼pc 76-80 2¼pc
Moorhouse and Brook 7½pcPf. 2.625pc
National Westminster 7pcPf. 2.45p
New Zealand 6pc 76-80 3pc
Newark 8¼pcBds. Red. 6 9 78 4¼pc
Norton Simon Inc. 19 cts.
Ogilvy and Mather Intl. Inc. 45 cts.
Portsmouth and Sunderland Newspapers Ord. Units 0.9181832p (inc. supp. distbn. of 0.0297217p o a yr. ended 2 4 77)
Rees Publishing Db. 4pc. Lns 2¼ 3¼ and 4¼pc
Richards and Wallington 7½pcPf. 2.625pc
St. George's Laundry (Worcester) 0.28p
Salford 8¼pcBds. Red. 6 9 78 4¼pc
Security Services 4½pcPf. 1.575pc
Shaw Carpets 8pcPf. 2.8pc
Sheffield 8¼pcBds. Red. 6 9 78 4¼pc
Smith Bulmer 6pcPf. 2.1pc. 10pcPf. 3.5pc
South Lakeland 8¼pcBds. Red. 6 9 78 4¼pc
Strathclyde 8¼pcBds. Red. 6 9 78 4¼pc
Sunderland 9½pc Red. 77-79 £3.5397
Symonds Engineering 0.425p
Tamworth 9¼pcBds. Red. 29 8 79 4¼pc
Tollgate 10 cts.
Triplevest Db. 3¼pc
Tyn all Overseas Fd. (Sterling) Distbn. shs 21.45p
UBM 2¼ 3¼ and 3¼pc. Ln. 5pc
Union Steam Ship of New Zealand 5½pc Pf. 2.75pc
Vinten 0.5pc
Wankie Colliery Db. 2¼pc
West Dorset 8¼pcBds. Red. 6 9 78 4¼pc
Wigan 8¼pcBds. Red. 6 9 78 4¼pc
Woodspring 8¼pcBds. Red. 6 9 78 4¼pc
Wormalds Walker and Atkinson Ln. 4½pc

WEDNESDAY, MARCH 1

COMPANY MEETING—

Birmingham Pallet, Birmingham, 12

BOARD MEETINGS—

Finals:
Gen. Accident Fire and Life Ass.
Inv. Tst. of Guernsey
Olives Paper Mill
U.S. Debt.

Interims:
Crossfriars Tst.
Diploma Inv.
Myddleton Hotels

DIVIDEND & INTEREST PAYMENTS—

Allied Breweries 2.8828p
Amax Inc. 47½ cts.
American Brands Inc. 87.5 cts.
Anglo-Argentine Trams Dbs. 2¼ and 3pc
Australia (Commonwealth of) 7pc Reg. 79-81 3¼pc
Avrton Saunders 5pcPf. 1.75pc
Calderdale 11¼pcBds. Red. 1/3/78 £6.1327
Cornercroft 6½pcPf. 2.275pc
Costa Rica Railway 2ndDbs. 3¼pc
Courage Db. 2¼pc (75-80)
Crawley 11¼pcBds. Red. 1/3/78 £6.1327
Croydon 11¼pcBds. Red. 1/3/78 £6.1327
Cullens Stores 5pcPf. 1.75pc
Dana Corp. 31 cts.
Dundee 11¼pcBds. Red. 1 3/78 £6.1327
East Surrey Water 2.8pc (fmly. 4pc) PrefPf. 1.4pc. Dbs. 2 2¼ 3¼ (89-91); 3¼ (90-92) 3¼ and 5pc
Electric and General Invest. Db. 4¼pc
Fife 11¼pcBds. Red. 1 3 78 £6.1327. 13¼pc Red. 83-84 6¼pc
Ford Motor 80 cts.
Gallaher Ln. 3pc
Gedling 11¼pcBds. Red. 1 3 78 £6.1327
Greencoat Properties Db. 3¼pc
Hammersmith 11¼pcBds. Red. 1/3/78 £6.1327
Hay and Robinson 5pcPf. 3.5pc
Hertsmere 11¼pcBds. Red. 1/3 78 £6.1327
IU Intl. Corp. 22.5 cts.
Ingersoll-Rand Com. 75 cts.
Isle of Man Govt. 3½pc 1981 1¼pc
Isle of Man Steam Packet 14p
Islington 11¼pcBds. Red. 1/3/78 £6.5015
Jamaica 7pc 76-78 3½pc
Kingston upon Hull 11¼pcBds. Red. 1/3/78 £6.1327
Kleinwort Benson Invest. Tst. Db. 2 and 2¼pc
Lanarkshire 5½pc 77-79 2¼pc
Leeds 11¼pcBds. Red. 1 3 78 £6.1327
Lewisham 11¼pcBds. Red. 1 3 78 £6.1327
Llanelli 11¼pcBds. Red. 1 3 78 £6.1327
London 3pc Cons. 1920 1½pc. 2¼pc Cons. 1¼pc
London Prudential Invest. Tst. Db. 1½pc
Low and Bonar 6pcPf. (1st and 2nd) 2.1pc. 5½pcPf. 1.925pc
Lucas (Industries) 6½pcPf. 2.275pc
M and G General Trust Inc. Units 3.337p
McCleery L'Amie 5pcPf. 1.75pc
Mercantile Invest. Tst. Db. 1¼pc
Metropolitan Water 3pc (B) 1½pc
Monklands 11¼pcBds. Red. 1 3/78 £6.1327
Monsanto Stlg. Dollar Cnv. Gtd. Ln. 3½pc
Myddleton Hotels 5½pcPf. 1.925pc
North East Derbyshire 11¼pcBds. Red. 1 3 78 £6.1327
Northern Ireland Electricity Service 5½pc Gtd. 77-79 2¼pc. 6½pc Gtd. 81-83 3¼pc
Norwich 11¼pcBds. Red. 1 3 78 £6.1327
Nyasaland 4½pc 71-78 2¼pc
Peninsular and Oriental Steam Navigation Dbs. 1¼ and 1¼pc (2nd)
Port of London Authority 6½pc 87-90 3¼pc
Port of Tyne Authority Mtgs. (5½pc to 12½pc) 76-87 2¼ to 6¼pc
R.F.D. 0.6p
Radio Rentals Ln. 3¼pc
Ransomes and Rapier Db. 1¼pc
Ryland 6½pcPf. 2.275pc
Richardson Merrell 22½ cts.
River Plate and General Invest. Tst. 5pcPfd. 1.75pc
Sainsbury (J.) Ln. 4pc
Salford 5½pc Red. 86-88 2¼pc
Sangers Ln. 3pc
Schneiders (S.) 6pcPf. 2.1pc
Schroders Ln. 3¼pc
Scottish Agricultural Secs. Corp. 3¼pc Db. 79-84 1¼pc. 5½pcDb. 86-88 2¼pc
Signode Corp. 33 cts.
South Bedfordshire 11¼pcBds. Red. 1/3/78 £6.1327
South Derbyshire 11¼pcBds. Red. 1/3/78 £6.1327
Spillers Dbs. 3½ and 3¼pc
Strathclyde 11¼pcBds. Red. 1/3/78 £6.1327
Thameside 11¼pcBds. Red. 1/3/78 £6.1327
Tendring Hundreds Waterworks 2.8pc (fmly. 4pc) Pf. 1.4pc. 3.5pc (fmly. 5pc) New Ord. 1.75pc. 4.2pc (fmly. 6pc) Pf. 2.1pc. 4.55pc (fmly. 6½pc) Pf. 2.275pc. 5.6pc (fmly. 8pc) Max. Ord. 2.8pc. 5.6pc (fmly. 8pc) Max. Pfd. Ord. 2.8pc
Tesco Stores 0.7064p
Treasury Ln. 14½pc 1994 7¼pc. 8¼pc 1997 4¼pc
UBM 7½pcPf. 2.625pc
Vickers Ln. 3pc
West Yorkshire 11¼pcBds. Red. 1/3/78 £6.1327
West Yorkshire Passenger Transport Executive 11¼pcBds. Red. 1/3/78 £6.1327
Whitbread Dbs. 2¼ and 3¼pc
Whites (Timothy) Ln. 3¼pc
Witan Invest. Dbs. 4 and 4pc (Cnv.)

THURSDAY, MARCH 2

COMPANY MEETINGS—

Braid Group, Chester, 12.15
British Sugar Corp., Hyde Park Hotel, S.W., 12
Fluidrive Engineering, Isleworth, Middlesex., 2.30
Mears Bros., St. Ermins Hotel, Caxton Street, S.W., 12
Nash (J. F.) Securities, Birmingham, 12

BOARD MEETINGS—

Finals:
Brit. Vita
Rea Bros.
Royal Insurance
Turner and Newall
Vantona

Interims:
EMI
Mitchell Cotts Transport
Surgel Krian Rubber
Walker (Thomas)

DIVIDEND & INTEREST PAYMENTS—

Amatil 8 cts.
Cleveland 12¼pcBds. Red. 28/2/79 6¼pc
Duport 5pcPf. 1.75pc
Durham 12¼pcBds. Red. 28 2 79 6¼pc
Mears Bros. 0.97p
Nash (J. F.) Securities 2.675p
Southend-on-Sea 12¼pc Red. 1981 6¼pc

FRIDAY, MARCH 3

COMPANY MEETINGS—

Commercial Bank of Wales, Cardiff, 12
Gough Cooper, Bromley, 12

BOARD MEETINGS—

Finals:
Allen Harvey and Ross
Alliance Tst.

DIVIDEND & INTEREST PAYMENTS—

E I D.-Parry (India) Pf. 22pc
Gillette 37.5 cts
Gordon and Gotch 2.64p
Grange Tst. Ord. Units 1.32p
Hutton (E. F.) 17 cts.
Imry Property 0.8p
Raybeck 1.0128p
Scottish and Universal Invest. 2.25p
South Staffordshire Waterworks 4.9pc (fmly. 7pc) Ord. Class A 2.45pc. 4.9pc (fmly. 7pc) Ord. Class B 2.45pc. 4.9pc (fmly. 7pc) Ord. Class C 2.45pc. 3.5pc (fmly. 5pc) Ord. 1.75pc
Treasury 9pc 1980 4½pc

PLANT & MACHINERY SALES

Description	Telephone
1972 DECOIL, FLATTEN and CUT-TO-LENGTH line complete with automatic sheet stacking unit and coil reservoir. Max capacity 1525 mm wide x 3.25 mm gauge x 15 tonne steel coil.	0902 42541/2/3 Telex 336414
8 BLOCK (400 mm) IN LINE, NONSLIP WIRE DRAWING MACHINE in excellent condition 0/2000ft/min variable speed 10 hp per block (1968).	0902 42541/2/3 Telex 336414
24" DIAMETER HORIZONTAL BULL BLOCK By Farmer Norton (1972).	0902 42541/2/3 Telex 336414
ROTARY SWAGING MACHINE by Farmer Norton (1972).	0902 42541/2/3 Telex 336414
SLITTING LINE 500 mm x 3 mm x 3 ton capacity. TWO VARIABLE SPEED FOUR HIGH ROLLING MILLS Ex.6.50" wide razor blade strip production.	0902 42541/2/3 Telex 336414
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	0902 42541/2/3 Telex 336414
1974 FULLY AUTOMATED COLD SAW by Noble & Lund with batch control.	0902 42541/2/3 Telex 336414
1970 CUT-TO-LENGTH LINE max. capacity 1000 mm 2 mm x 7 tonne coil fully overhauled and in excellent condition.	0902 42541/2/3 Telex 336414
1965 TREBLE DRAFT GRAVITY WIRE DRAWING machine by Farmer Norton 27"—29"—31" diameter drawblocks.	0902 42541/2/3 Telex 336414
STRIP FLATTEN AND CUT-TO-LENGTH LINE by A.R.M. Max capacity 750 mm x 3 mm	0902 42541/2/3 Telex 336414
9 BLOCK WIREDRAWING MACHINE and 1000 lb spooler—non slip cumulative type with double tiered 22" dia. x 25 hp draw blocks.	0902 42541/2/3 Telex 336414
2 15 DIE MS4 WIRE DRAWING MACHINES 5,000Ft./Min. with spoolers by Marshall Richards.	0902 42541/2/3 Telex 336414
3 CWT MASSEY FORGING HAMMER —pneumatic single blow	0902 42541/2/3 Telex 336414
9 ROLL FLATTENING MACHINE 1,700 mm wide.	0902 42541/2/3 Telex 336414
7 ROLL FLATTENING MACHINE 965 mm wide.	0902 42541/2/3
COLES MOBILE YARD-CRANE 6-ton capacity lattice jib.	0902 42541/2/3 Telex 336414
RWF TWO STAND WIRE FLATTENING AND STRIP ROLLING LINE, 10" x 8" rolls x 75 HP per roll stand. Complete with edging rolls, turks head flaking and fixed recoiler, air gauging etc. Variable line speed 0/750ft./min. and 0/1500ft./min.	0902 42541/2/3 Telex 336414
JARROW STRIP STRAIGHTENING AND CUT-TO-LENGTH MACHINE (1973) by Thompson and Munroe	0902 42541/2/3 Telex 336414
YODER ROLL FORMING MACHINE, 30" width, 7-stand. Excellent.	01-928 3131 Telex 261771
DRUMMOND MAXIMINOR MULTI TOOL LATHE. Auto cycle, 12" dia. x 18". RECONDITIONED.	01-928 3131 Telex 261771
HORIZONTAL BORER 80 mm PEGARD. Table 49" x 33", facing head 33". Optics.	01-928 3131 Telex 261771
HERBERT 8 PRE-OPTIVE TURRET LATHE 20" dia. x 56" 13-1000 rpm REBUILT.	01-928 3131 Telex 261771
CINCINNATI No.3 HORIZONTAL MILL. Table 68" x 15" 16-1600 rpm. REBUILT.	01-928 3131 Telex 261771
54" Dia. COLD SAW, NOBLE & LUND. Max. capacity 40" x 18". EXCELLENT.	01-928 3131 Telex 261771
AUTOMATED TURRET DRILL—HERBERT 6 station, 2 M T., Plugboard control, Co-ordinate table. New 1974. Almost new.	01-928 3131 Telex 261771
BUSCH AUTOMATIC KEYWAY MILLER Automatic cycle. Hydraulic. EXCELLENT.	01-928 3131 Telex 261771
INTERNAL GRINDER—JUNG C8. RECONDITIONED.	01-928 3131 Telex 261771
BLANCHARD No. 11 GRINDER. Mag table 17" dia. REBUILT. Very accurate.	01-928 3131 Telex 261771
MACHINING CENTRE. Capacity 5ft. x 4ft. x 3ft. 5 Axes, continuous path. 51 automatic tool changes, 5 tons main table load. Main motor 27 hp. Had less than one year's use and in almost new condition. For sale at one third of new price	01-928 3131 Telex 261771
ACME GRIDLEY (BSA) 6 SPINDLE AUTOMATIC. 2¼" rebuilt and not used since. Will turn and index to maker's limits.	01-928 3131 Telex 261771
WICKMAN 3¼ SINGLE SPINDLE AUTOMATIC. Extensive equipment. EXCELLENT CONDITION	01-928 3131 Telex 261771
WICKMAN 2¼" 6SP AUTOMATICS 1961 and 1963. EXCELLENT CONDITION.	01-928 3131 Telex 261771
VICKERS 200 TON POWER PRESS. Bed 40" x 36". Stroke 8". NEW COND.	01-928 3131 Telex 261771
200 TON PRESS BRAKE 8' x ¾" by Sedgewick. Air brake, air clutch, light gauge. EXCELLENT CONDITION.	01-928 3131 Telex 261771
HME 70 TONS PRESS DCP3. Bed 36" x 34", stroke 6". EXCELLENT.	01-928 3131 Telex 261771
COLD HEADERS BY NATIONAL ⅝" and ¾" DSSD. EXCELLENT.	01-928 3131 Telex 261771
LUMSDEN VERT. SPINDLE GRINDER. Mag chuck 60" x 18". Model 71LE. Reconditioned	01-928 3131 Telex 261771
LUMSDEN VERT. SPINDLE GRINDER. 91MCT. Retractable Table 36" dia. EXCELLENT.	01-928 3131 Telex 261771
CINCINNATI CENTRELESS GRINDERS. Sizes 2 and 3. EXCELLENT.	01-928 3131 Telex 261771
HEY No. 3 FACING & CENTREING. Between centres 35" reconditioned.	01-928 3131 Telex 261771
SCHULER 200 TON HIGH SPEED BLANKING PRESS. Bed 48" x 40" 200 spn. Double roll feed stroke 35 mm excellent condition.	01-928 3131 Telex 261771
TAYLOR & CHALLEN No. 6 DOUBLE ACTION DEEP DRAWING PRESS. Condition as new.	01-928 3131 Telex 261771
4,000 TON HYDRAULIC PRESS. Upstroke Between columns 92" x 52" daylight 51", stroke 30".	01-928 3131 Telex 261771
INTERNAL GRINDER—BRYANT Type 1460 60" swing. Excellent.	01-928 3131 Telex 261771
ANKERWERK 400 TON INJECTION MOULDER. Reconditioned.	01-928 3131 Telex 261771
JIG BORER (Lindner) Table 43" x 23", 0-2000 rpm. 24" rotary table. Excellent.	01-928 3131 Telex 261771
COPY LATHE, HEAVY DUTY. 8' 6" between centres, reconditioned.	01-928 3131 Telex 261771
400 TON OVERCRANK DOWN-STROKE PRESS. Working Plate 5' x 4'.	(0273) 721075 Telex 877279

WANTED

MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	0902 42541/2/3 Telex 336414

IMROSE INDUSTRIAL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

ectors: D. A. Lurie (Executive Chairman), D. J. Gevisser (Deputy Chairman and Managing Director), I. D. Brittan, D. M. H. Bruggemann, G. J. J. F. Steyn,
Alternates: I. R. Fullerton, T. L. Richards

ur directors have pleasure in reporting the unaudited results for the six month ended 31 December 1977.

d ended 1977	Audited 6 months to Dec. 76	Audited 6 months to June 77	Unaudited 6 months to Dec. 77
	R'000	R'000	R'000
Group turnover	16,357	15,858	14,262
Group profit before tax	1,910	185	600
Tax associates	37	28	26
Deferred tax	425	41	72
Total Tax	462	69	98
Group profit after tax	1,448	116	502
Ordinary shares in issue fully paid (000's)	10,722	10,774	10,828
Earnings per share (cents)	13.44	1.08	4.64
Earnings per share (UK equivalent—pence)	8.00	.64	2.76
Dividend per share (cents)	8.0	2 5	3 5
Dividend per share (UK equivalent—pence)	4.76	1.49	2.08
Dividend amount (R'000)	858	269	379

ENTS

ne above table shows the results for three consecutive six month periods, and es the information necessary for a correct assessment of the latest figures.

ie half-year ended December 1976 started with three months of full production od profits, followed by deteriorating conditions in the next quarter. In the ensuing onths ended June 1977, there was a progressive and substantial collapse of our t and pretax profits dropped to R185,000.

gainst this background, for the six months to December 1977 the increase in pretax to R600,000, on a 10 per cent. drop in turnover, shows a pleasing recovery which from a continuing improvement in operating efficiencies, now geared to the t level of sales, coupled with the effective temporary closure of certain plants to production to geographic demand.

n recurrent expenditure was significantly lower, but in those plants where producas sharply reduced profitability was inevitably affected by higher unit costs arising reduced production, as well as by a conservative LIFO-based method of stock ion.

ith reference to the interim statement issued last year for the six months to mber 1976, no deferred tax was provided, the full amount of R 466,000 having been at to account in the final accounts for the 1976/1977 financial year. We have, in the tabulation, allocated this R 466,000 between the two halves of that financial year, to provide a fair comparison with the results now under review.

ur drive to obtain maximum cash flow has been successful, and net cash flow is ntially ahead of profits. This was achieved through stock reductions and by a ely low level of capital expenditure. Our existing production capacity is in good and only 40 per cent. utilised.

OOK:

market demand continues at present levels, the six months to June 1978 should profit greater than that reported for the first half year. This current period, which es December, is historically better, and in addition a modest price increase, ve from February 1st, has been granted by the price controller. Our reduced Cape ions are now showing a positive contribution and the loss-making clay pipe ion at Henley has been closed. Whilst these are strong indicators that our profits improve, they must however be weighed against a very uncertain market, fierce ompetition in common bricks, increases in administered costs of electricity, coal eneral purchases and against the likelihood of an increased wage determination for ick industry which is at present under negotiation.

is thus extremely difficult to forecast the near future, other than to say that we e that the group's ability to produce any profit at all with production at 40 per cent. acity indicates that any recovery in brick demand will have a rapid and substantial on our results.

nce our last statement we have formed a majority-owned subsidiary, Brickor st (Pty) Limited, which we hope will spearhead a strong entry into cement and ate products for the building industry. There have been no other major changes.

END:

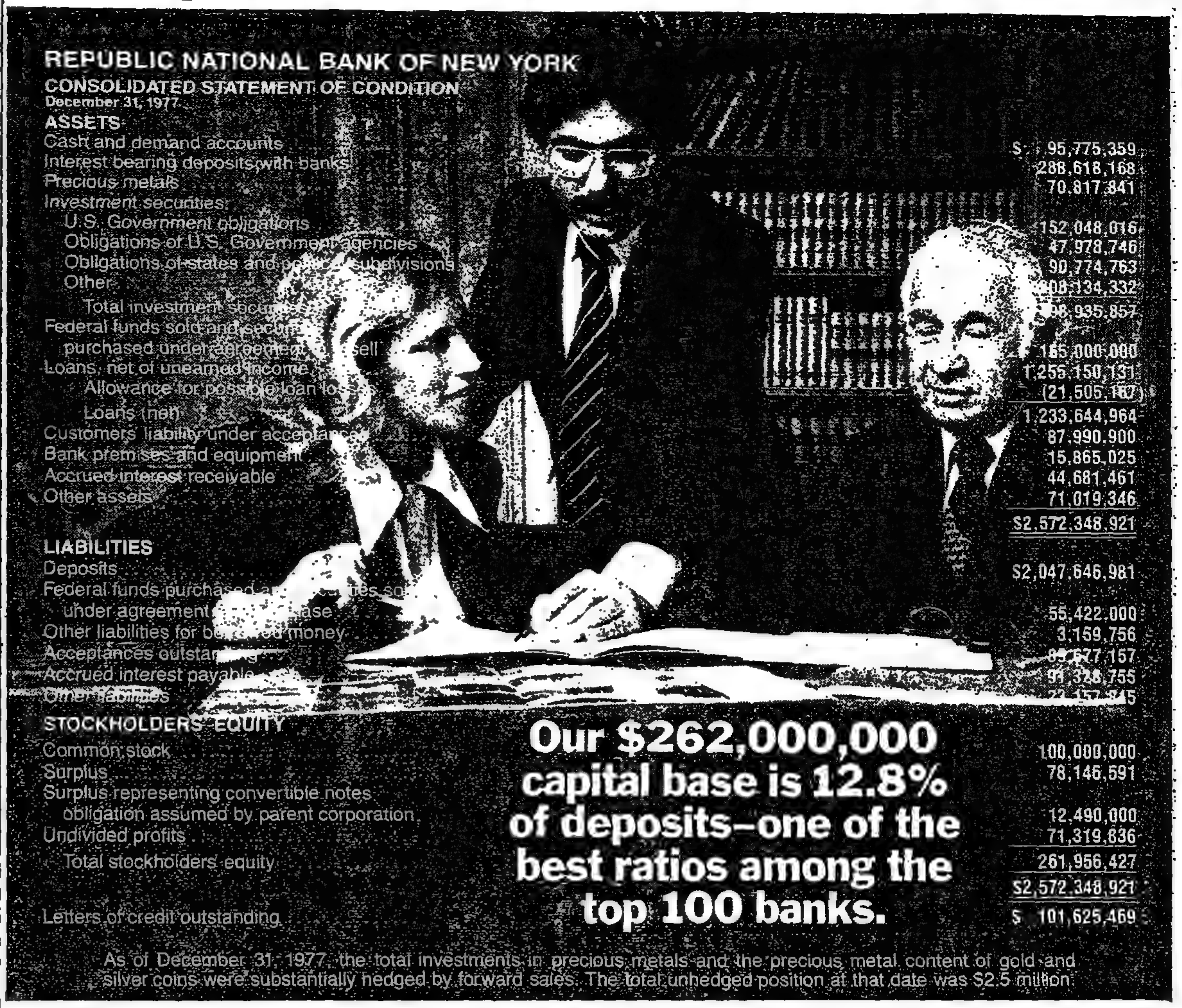
ur cash flow in the six month period ended December 1977 was strongly positive, ing in our overall debt being reduced by more than R800,000. For the remainder of nancial year, and for the foreseeable future, capital expenditure is expected to be nd well covered by depreciation. We do not anticipate any increase in working l requirements.

e therefore believe that most of the profits earned in the past six months can and l be passed on to shareholders. Your Board has accordingly declared an interim nd of 3.5 cents per share.

On behalf of the Board,
D. A. Lurie
D. J. Gevisser—Directors

nesburg,
February, 1978.

Look behind our numbers and you'll see our resources.



REPUBLIC NATIONAL BANK OF NEW YORK
CONSOLIDATED STATEMENT OF CONDITION
December 31, 1977

ASSETS	
Cash and demand accounts	$ 95,775,359
Interest bearing deposits with banks	288,618,168
Precious metals	70,817,841
Investment securities:	
U.S. Government obligations	152,048,016
Obligations of U.S. Government agencies	47,978,746
Obligations of states and [illegible] subdivisions	90,774,763
Other	[illegible]08,134,332
Total investment secu[illegible]	[illegible]98,935,857
Federal funds sold and secu[illegible] purchased under agreemen[illegible] sell	165,000,000
Loans, net of unearned income	1,255,150,131
Allowance for possible loan lo[illegible]	(21,505,167)
Loans (net)	1,233,644,964
Customers' liability under accep[illegible]	87,990,900
Bank premises and equipment	15,865,025
Accrued interest receivable	44,681,461
Other assets	71,019,346
	$2,572,348,921
LIABILITIES	
Deposits	$2,047,646,981
Federal funds purcha[illegible] under agreement[illegible]ase	55,422,000
Other liabilities for b[illegible] money	3,159,756
Acceptances outsta[illegible]	8[illegible],677,157
Accrued interest payable	9[illegible],328,755
Other liabilities	[illegible]
STOCKHOLDERS' EQUITY	
Common stock	100,000,000
Surplus	78,146,591
Surplus representing convertible notes obligation assumed by parent corporation	12,490,000
Undivided profits	71,319,836
Total stockholders' equity	261,956,427
	$2,572,348,921
Letters of credit outstanding	$ 101,625,469

Our $262,000,000 capital base is 12.8% of deposits–one of the best ratios among the top 100 banks.

As of December 31, 1977, the total investments in precious metals and the precious metal content of gold and silver coins were substantially hedged by forward sales. The total unhedged position at that date was $2.5 million.

What does such an unusually high capital-to-deposit ratio mean?

It means we have experienced, hard working people who have built a strong capital base in order to protect our customers' deposits.

Our people have always been able to provide excellent service to our customers and maintain a high level of liquidity.

Our people's efforts show up elsewhere on our balance sheet. For example, our assets are less than 10 times Republic's $262 million capital base. And our return on average assets is one of the highest in the banking business.

So, of all of our resources, we feel our people are most important. They make our performance possible. Get to know them better.

Republic New York
A Safra Bank

America's 52nd largest bank, and growing.

Republic National Bank of New York/Republic New York Corporation, Fifth Avenue at 40th Street, New York, N.Y. 10018
New York • London • Nassau • 19 offices in Manhattan, Brooklyn, Queens & Suffolk.
Affiliates and Representatives in: Beirut, Buenos Aires, Caracas, Chiasso, Frankfurt/Main, Geneva, Luxembourg, Manila, Mexico City, Montevideo, Panama City, Paris, Rio de Janeiro, Sao Paulo, Tokyo
Member Federal Reserve System/Member Federal Deposit Insurance Corporation
An affiliate of Trade Development Bank Holding S.A. Luxembourg.

All of these Securities have been sold. This announcement appears as a matter of record only.

$300,000,000

General Motors Acceptance Corporation

$150,000,000 8.20% Notes Due February 15, 1988

$150,000,000 8.65% Debentures Due February 15, 2008

Interest payable February 15 and August 15

MORGAN STANLEY & CO.
Incorporated

DILLON, READ & CO. INC.		*THE FIRST BOSTON CORPORATION*
GOLDMAN, SACHS & CO.		*LEHMAN BROTHERS KUHN LOEB Incorporated*
MERRILL LYNCH, PIERCE, FENNER & SMITH Incorporated		*SALOMON BROTHERS*
BACHE HALSEY STUART SHIELDS Incorporated		*BLYTH EASTMAN DILLON & CO. Incorporated*
DREXEL BURNHAM LAMBERT Incorporated	*E. F. HUTTON & COMPANY INC.*	*KIDDER, PEABODY & CO. Incorporated*
LAZARD FRERES & CO.		*LOEB RHOADES, HORNBLOWER & CO.*
PAINE, WEBBER, JACKSON & CURTIS Incorporated		*SMITH BARNEY, HARRIS UPHAM & CO. Incorporated*
WARBURG PARIBAS BECKER Incorporated	*WERTHEIM & CO., INC.*	*WHITE, WELD & CO. Incorporated*
DEAN WITTER REYNOLDS INC.		*BEAR, STEARNS & CO.*

February 23, 1978.

This announcement appears as a matter of record only.

$50,000,000

B.A.T. International Finance Limited

Floating Rate Guaranteed Notes Due 1988

unconditionally guaranteed by

B.A.T Industries Limited

These Notes have been placed privately by the undersigned.

MORGAN STANLEY INTERNATIONAL

SUMITOMO FINANCE INTERNATIONAL

February 21st 1978

HOME NEWS

Wilson Committee probes funding and investment

THE THIRD volume of evidence from the Wilson Committee includes the transcript of the committee's questioning of representatives of the insurance industry and the pension funds. Below is a reproduction of a series of excerpts from the transcripts.

They touch on the effect of institutional investment on the stock market, contact between institutions and companies, and the thwarted efforts of institutions to provide special funding facilities for industry.

Sir Harold Wilson: Could we come to the growing dominance of institutional investors in the equity market, and what it implies for the efficient functioning of the market.

You are in no doubt at all—perhaps you said this before I returned—that you are now the biggest area of new investment in the country?

Mr. Max Lander, National Association of Pension Funds: Yes.

Sir Harold: What does that mean for the market?

Mr. Lander: I think I made the point before you came back that it is not really practicable for larger pension funds to make substantial switches of their investments.

We find it difficult to accept the view that the growing proportion of shares held by institutions has increased the volatility of the market. Basically the institutions are growing and they are normally reluctant to dispose of their existing holdings.

Dr. Joan Mitchell: You do not think you are coming together and that the diversity is in danger of disappearing?

Mr. K. G. Smith, National Association of Pension Funds: I do not think so, no. There are always some who take a different view from others, and this is what the market is about.

Mr. Len Murray: On how many companies, say, is the Pru represented where you have investments?

Mr. Peter Moody, Prudential: Having a director on the Board?

Mr. Murray: Yes.

Mr. William Haslam, Prudential Assurance: Relatively few.

Mr. Moody: We have tended to keep to the areas we know something about, for example, investment trusts, or where we have a very large share interest in a financial company.

We have not so far gone very far down the road of having members of our management on the Boards of industrial companies.

Professor Bain: In your experience do insurance companies often take action to strengthen the management of the small or medium quoted companies?

Mr. Moody: A certain amount of this is going on all the time but it is of the order of two or three cases a year.

Prof. Bain: Fairly small?

Mr. Moody: It is really small because by and large British industry is reasonably well managed.

Something worse

Mr. Hugh Stephenson: Brief mention was made of Equity Capital for Industry. It is a slightly "Have you stopped beating your wife?" question, I am afraid, but after experience with Equity Capital for Industry which you have had so far, is it fulfilling a need which institutions cannot fulfil, or is it a sort of political stop to make certain that something worse does not happen from your point of view?

Mr. Haslam: Certainly the intention was not the latter. There was considerable speculation when ECI was set up that there was a gap.

We investigated this. We found no concrete evidence that there was such a gap, nor could we prove conclusively that there was not a gap.

The industry took the view, "This is a commonly held view. Let us at least set up a vehicle to make sure that if there is a gap we can fill it." That was the sole reason behind ECI.

Mr. A. Sugden: In 1973 the Coal Board pension fund set up a vehicle to provide funds directly to industry for new development. Can you tell me what are the main criteria for that organisation?

Mr. Hugh Jenkins, NCB Pension Fund: That particular scheme was produced at a time when everthing looked extremely black, if you remember.

A lot of companies had their shares quoted on the Stock Exchange below their par value, and there was the recurring theme, particularly in the media, that industry was being deprived of finance for their development activities.

So we launched a scheme which would provide funds for land, buildings, plant and equipment.

The thing was carefully calculated to ensure that at the end of the day we were able in the long-term—and I stress long-term—to achieve a total return of not less than the return we would have got had we invested in a gilt, plus a margin for the risk which was involved.

We tramped round many companies over a period of 18 months offering this facility and in only three cases did we get positive responses.

Mr. Sugden: I believe you launched what was described as a manufacturing service industry unit to invest in the equity of smaller companies whether they were quoted or not.

Mr. Jenkins: We established five units—four external units and one internal unit. The object of the exercise was to invest in smaller companies, companies with capital employed of anything between £½m. and £20m.

Mr. Sugden: What has been your experience?

Mr. Jenkins: Over the 18 months it has been a slow process in building up these portfolios.

It is a competitive area of activity. We signed up a company yesterday where jointly with another merchant bank we have taken 30 per cent. of the equity, only to find another pension fund was competing for finance for this particular company.

Big money supply expansion 'would hit inflation hopes'

BY DAVID FREUD

BUDGET tax cuts in the widely-expected £1.5bn. range would leave no room for a further reduction in taxation in 1979 if the money supply is to be kept within acceptable limits, the London Business School Centre for Economic Forecasting says in its outlook for 1977-81, published to-day.

Great fiscal expansion, particularly if associated with a money supply target from 1978-79 of more than 13 per cent., would lead rapidly to a fall in the exchange rate and dash hopes of controlling the inflation rate.

Gross national product is expected to grow steadily to 1981, at an average annual rate of 2.8 per cent. (at 1975 prices, and by less at 1970 prices). In 1978 growth will be slightly below the average, at 2.5 per cent., while a faster rate will be seen in 1979 and 1980 as world trade recovers.

The centre is relatively optimistic about the world economy and sees the trough of the present international cycle being reached in the first half of 1979, with recovery being particularly rapid in 1980.

A special article says that the current problems of the world economy are due in part to the determination of Japan and West Germany to eliminate their inflation too rapidly. Their deflationary monetary policies are depressing world demand directly through their effect on other countries' exports.

The centre's forecast of 2.5 per cent growth in the U.K. gross domestic product—as 1975 prices—is accompanied by a prediction that consumption will rise by 4 per cent.

Much of this growth will occur in the first nine months of the year as the benefits of tax cuts, pension increases, higher pay and lower inflation come through.

However, towards the end of the year, growth is expected to falter with sluggish world trade and more rapid inflation. Output is likely to grow less rapidly than domestic demand as imports are sucked in to meet buoyant consumption and the current account will deteriorate during the year and into 1979.

'Growth before surplus' challenge to Whitehall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT should aim at a sustained growth in Gross Domestic Product of 5 per cent. a year until the early 1980s, it is argued to-day, even if this meant that from next year onwards there was little or no surplus on the current account.

The challenge to the cautious line now predominating within Whitehall comes in an article in the Midland Bank Review by Professor Brian Reddaway and Dr. Charles Feinstein of Cambridge University.

It reflects discussions among several of Britain's leading economists, now known as the CLARE group, whose views are Review.

The authors say that the Budget should play a key role in the launching of a medium-term expansion policy with a net stimulus in the spring of £2½bn. and £3 bn.

The bulk of the boost should come from reduced taxation, primarily personal income taxes, though if there was to be a cut in indirect tax, the preference should be for theabolition of the National Insurance surcharge.

The exchange rate should be reduced below the average level for last month and, thereafter, continuously managed so as to keep it roughly at a level equal to that prevailing in the fourth quarter of last year, adjusted in accordance with movements in U.K. costs relative to those of main competitors.

The recession did not have much affect on price rises and a well-directed expansionary policy could, if anything, assist the Government in its attack on inflation.

Economic strategy criticised

By Peter Riddell, Economics Correspondent

A PESSIMISTIC analysis of the prospects for the U.K. economy, unless there is a major change in strategy, is presented this morning by Mr. Wynne Godley, the Cambridge economist.

Mr. Godley writes in stockbrokers' Vickers da Costa's regular review that "the Budget, taken outside the context of a comprehensive economic strategy, has more than ever become a source of distraction from serious diagnosis and prescription" with a "fatuous auction" about the size of tax cuts.

Assuming conventional policy responses, "fiscal policy alone can bring about only a very sleepy recovery of industrial activity at home. Unemployment will fall little, if at all, and the recovery of profits will be arrested."

Mr. Godley, director of the Department of Applied Economics at Cambridge, says that the rest of the industrial world is in a recession that now looks like being endemic.

Even if this was not the case, the U.K.'s competitive power had become so weak that "we cannot look to net export demand to play an adequate role in the expansion of demand."

It was questionable whether there was now "any fairly conventional national policy which will get us out of the mess" and a "positive strategy for the medium term" was required.

The warnings of the Cambridge Economic Policy Group in the past five years had been borne out by the deepening industrial depression.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Mar. 5—10	Oceanological Equip. & Services Exbn.	Metropole Centre, Brighton
Mar. 6—9	National Carpet Fair	Blackpool
Mar. 7—April 1	Daily Mail Ideal Home Exhibition	Olympia
Mar. 12—15	London Young Fashion Fair	Earls Court
Mar. 13—17	International Electrical Exhibition	Nat. Exbn. Centre, B'ham.
Mar. 13—17	International Pneumatics & Hydraulics Exbn.	Nat. Exbn. Centre, B'ham.
Mar. 13—17	Int. Instruments, Electronics & Automation Exbn.	Nat. Exbn. Centre, B'ham.
Mar. 14—16	Int. Public Address Equipment Exbn.	Cunard Int. Hotel, W.6
Mar. 16—17	Vending Equipment, Refreshment Services Exbn.	Cumberland Hotel, W.1
Apr. 3—7	Int. Heating, Ventilating & Air Conditioning Exbn.	Nat. Exbn. Centre, B'ham.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Feb. 28—Mar. 3	Int. Tunnelling Industries Exbn. & Conf.	Basle
Mar. 2—12	International Motor Show	Geneva
Mar. 5—8	European Fashion Fair	New York
Mar. 5—12	International Agricultural Exhibition	Paris
Mar. 6—11	British Industrial Exhibition	Kowloon
Mar. 6—12	International Audio Exhibition	Paris
Mar. 7—10	Powder Technology & Bulk Solids Exbn.	Basle
Mar. 8—12	Int. Oil & Gas Heating Exhibition	Stuttgart
Mar. 12—14	International Shoe Fair	Utrecht
Mar. 12—19	International Spring Fair	Leipzig
Mar. 14—18	Int. Printing & Paper Industry Fair	Zagreb
Mar. 15—18	International Building Exhibition	Singapore
Mar. 15—19	International Trade & Industry Fair	Jeddah
Mar. 31—Apr. 5	Int. Woodworking Machinery & Wood Ind. Exbn.	Paris
Mar. 31—Apr. 5	Supplies & Materials for the Furniture Ind. Exbn.	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Feb. 28	Institute of Directors Annual Convention: The State & the Individual	Royal Albert Hall, S.W.7
Feb. 28	Executant: Weights & Measures	Russell Hotel, W.C.1
Feb. 28	Inbucon Group: National Policy and Pay Restructuring	Dorchester Hotel, W.1
Mar. 1	Int. Assoc. for Students of Economics & Management: Business Education Seminar	Birmingham
Mar. 1—2	Investment & Property Studies: Design Liability in the Construction Industry	Royal Lancaster Hotel, W.2
Mar. 2	McGraw-Hill: Corporate Fraud	Royal Garden Hotel, W.8
Mar. 2—3	European Study Conference: Health & Safety in 1978	Cumberland Hotel, W.1
Mar. 6—8	World Re-cycling Conference	Basle
Mar. 6—10	Urwick: Project Management	Slough
Mar. 6—10	Department of Industry: Flow Measurement	Glasgow
Mar. 7	British Institute of Management—National Convention	Wembley Conf. Centre
Mar. 7—8	Lenofern: Cost-Eff. Print in Marketing	Inst. Marine Eng., E.C.3
Mar. 8	Henley Centre for Forecasting: Forecasts for the U.K. Leisure Markets to 1983	Carlton Tower Hotel, S.W.1
Mar. 9	Confederation of British Industry: Nigeria 1978	21, Tothill St., S.W.1
Mar. 13	College for the Distributive Trades: Inflation Accounting	30, Leicester Square, W.C.2
Mar. 13—14	State of the Art: Technical Marketing Conference	Royal Garden Hotel, W.8
Mar. 13—17	Kepner Tregoe: Decision Making for Senior Management	Hartley Wintney
Mar. 14	Building Advisory Service (BAS): Arbitration of Building Disputes	Cavendish Conf. Centre, W.1
Mar. 14	Anthony Skinner: The Detection and Prevention of Fraud	Piccadilly Hotel, W.1
Mar. 14—16	Computer-Aided Design: Computers in Engineering and Building Design	Metropole Centre, Brighton
Mar. 15	Institute of Credit Management National Conf.	Hilton Hotel, W.1
Mar. 15	Centre for Interfirm Comparison: Management Ratios and Interfirm Comparison	Management House, W.C.2
Mar. 15—17	Keith Shipton Developments: Marine Risk Management	Royal Garden Hotel, W.8
Mar. 16	Investment & Property Studies: Corporate Credit Risk Assessment	Press Centre, E.C.4
Mar. 20	Confederation of British Industry: USSR—The Outlook for British Business	Quaglino's, S.W.1
Mar. 20—22	Resources Policy: The Economics, Politics & Social Implications of Resource Use & Conservation	Oxford
Mar. 21	British Council of Productivity Associations: The Legal Implications of Interviewing—Selection and Promotion	Metropole Hotel, W.2
Mar. 21	Gresham Management Services: Employee Participation in the Retail & Distributive Industries	Hyde Park Hotel, S.W.1
Mar. 22	London Chamber of Commerce & Industry: Pre-Shipment Finance for Small & Medium Sized Firms	69, Cannon St., E.C.4
Mar. 30	British Frozen Food Federation Export Seminar	World Trade Centre, E.1
Mar. 31—Apr. 3	Institute of Personnel Management: The Impact of Government on Company Pay Policies & Industrial Relations	Oxford

This week in Parliament

COMMONS—Debate on Opposition motion on law and order. Motion on EEC documents on Jurisdiction and Judgments Convention.

SELECT COMMITTEES—Expenditure, Education, Arts and Home Office Sub-committee. Subject: Prison system. Witnesses: Association of Prison Officers and Scottish Association of Prison Officers (4.15 p.m., Room 13).

TO-MORROW

COMMONS—Remaining stages of Housing (Financial Provisions) (Scotland) Bill. Remaining stages of Civil Aviation Bill.

LORDS — Refuse Disposal (Amenity) Bill, report. Second Readings of Cheshire County Council Bill; County of Merseyside Bill; West Midlands County Council Bill; West Yorkshire Bill. Resolution on Crown Agents. Industrial and Provident Societies Bill, report. Domestic Proceedings and Magistrates' Court Bill, report. Short debate on restoration and modernisation of Government buildings in and near Whitehall, and proposed new buildings on Westminster Hospital and other sites.

WEDNESDAY

COMMONS—Wales Bill, committee stage.

LORDS—Debate on decline in respect of rauthority and the need to reassert primacy of the law.

SELECT COMMITTEES—Expenditure, Trade and Industry Sub-committee. Subject: Public Expenditure White Paper 1978—Support for Industry. Witnesses: Officials of Department of Industry (10.15 a.m., Room 16). Nationalised Industries, Sub-committee C. Subject: The Independent Broadcasting Authority, Witness: Independent Broadcasting Authority (4 p.m., Room 8).

Expenditure, Social Services and Employment Sub-committee. Subject: Employment and Training Services. Witness: Institute of Careers Officers (5 p.m., Room 15).

THURSDAY

COMMONS—Wales Bill, committee stage.

LORDS—Theft Bill, Third Reading. Suppression of Terrorism Bill, report. Judicature (NI) Bill, report.

COMMONS

COMMONS — Private Members' motions.

Triplex chief dies at 85

SIR GRAHAM CUNNINGHAM, chairman of Triplex for 26 years, has died at the age of 85.

He joined Triplex as managing director in 1929, when its affairs were in a difficult state, and became chairman six years later. He retired in 1961.

OVERSEAS MARKETS

EUROBONDS **BY MARY CAMPBELL**

Fingers crossed for a dollar rally

UNTIL LATE on Friday afternoon it looked as though the flight into non-dollar bonds was if anything accelerating. The yield on D-mark bonds was continuing downwards to the extent that the European Investment Bank is now raising twelve-year D-mark funds at a rate over half a point lower than was paid by the World Bank on an issue of virtually identical maturity a month ago.

However, as so often, it was in the Swiss franc sector that the most extreme evidence for the dollar's unpopularity was to be found: in first-day trading on Friday New Zealand's Sw.Frs.120m. 3¾ per cent. issue, which had been priced at 99, traded around 103½ per cent. The coupon was 3¾ per cent. Older issues also showed sharp price rises on the week—Citicorp, for example, ended the week at 105½, up from 105¼ the previous Friday.

Conversely, all three dollar-denominated issues which started trading last week went to significant discounts. In the case of Jutland Funen, bid prices in the market sank to at least 2¾ points below the issue price, though the others were much less bad.

However, in the last hour of trading on Friday, the whole picture was thrown into confusion by the turnround on the foreign exchange markets, triggered by the apparent ending of the U.S. coal strike and the measures in Switzerland to discourage further inflows of funds. The Swiss moves became known only after Continental European centres were closed, but in London, the Swiss franc closed at Sw.Frs.1.8550 to the dollar, up from a low of Sw.Frs.1.77 earlier in the day.

While Friday's closing rate for the dollar is still well below the week earlier level of Sw.Frs.1.8860, the speed of the rebound meant that Eurobond dealers were not ruling out the possibility that this might mark the turn in the foreign exchange markets and thus in the fortunes of dollar bonds.

If once the dollar's anti-favourite position were to be broken, there seems little doubt but that dollar bonds look attractive for the international investor at present. This is not only a matter of the yield differentials between dollar and "hard currency" bonds; the differences in inflation rates are also substantial, while the U.S. rate is now accelerating again.

However, from the point of view of the potential bond investor (though not from the point of view of the foreign exchange market) the outlook for U.S. interest rates has perceptibly improved in recent weeks. In particular, U.S. money supply has been growing at well within the Fed's presumed target range. Hence Henry Kaufman of Salomon Brothers suggests in his latest weekly comment that the Federal Open Market Committee Meeting to-morrow is likely to "maintain a stable monetary policy," at least for the time being.

As against this, there is the ever growing body of evidence than international investors have decided once and for all to diversify their holdings. Given the importance of capital flows—as against trade flows—in swinging foreign exchange rates in to-day's conditions, this could mean continuing pressure on the dollar rate. The head of Saudi Arabia's General Petroleum and Mineral Organisation (Petromin) said a few weeks ago that Saudi Arabia would like to cut the dollar element of its reserve holdings to 50 per cent.

He also said that this is unlikely under present conditions since such large holdings cannot be accommodated in other currencies. But if the majority of international investors are looking to diversify, once and for all, even a smaller proportion of their portfolios, there will be constant pressure on the dollar for some time to come.

However events last Friday evening certainly mean that to-day's developments will be watched particularly closely.

On the details of individual issues, Venezuela is likely to be increased to DM250m. while the EIB's offering has had its coupon cut from 5½ per cent. as well as being increased from the DM200m. originally scheduled. The terms were already markedly less generous than were offered only a month ago by the World Bank and last week's changes increase the differential considerably.

Moreover, although some in the market maintained that it should be priced at 99, a pricing of 99½ to yield 5.31 per cent. is likely (the pricing announcement is due to-day).

Also due for announcement to-day is a DM70m. issue for Tauernautobahn with WestLB as lead manager. One may expect the coupon to bet set at 5¾ per cent. for the 15-year maturity. The average life will be 10½ years.

The other issue due for announcement before the end of February is DM100m. for the Philippines with Dresdner Bank as lead manager. The maturity is tipped to be seven years and some dealers were on Friday guessing at a 6¾ per cent. coupon.

The DM1.3bn. figure for new issues *scheduled* for *March* (which excludes international financial institutions) will include offerings by Mexico's Comision Federal de Electricidad and Nacional Financiera.

The Sumitomo Heavy Industries issue is the first of what are expected to be a series of floating rate notes by Japanese non-banks. The same margin—a quarter of a point—is being offered as by banks, but the minimum rate is higher than a bank would pay.

BONDTRADE INDEX AND YIELD

	February 24		February 17		1978 High	1978 Low
Medium term	99.48	7.92	99.76	7.83	99.81 (13/2)	99.15 (16/2)
Long term	93.24	8.44	93.66	8.35	93.84 (2/1)	93.03 (14/1)

EUROBOND TURNOVER
(nominal value in $m.)

	U.S. dollar bonds last week	U.S. dollar bonds previous week	Other bonds last week	Other bonds previous week
Euroclear	773.5	948.0	456.2	373.5
Cedel	725.5	341.5	292.6	389.4

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager
U.S. DOLLARS						
‡Jutland Funen Elec. (ELSAM)	25	1985	7	9	99½	Blyth Eastman Dillon
†Nippon Credit Bank	20	1983	5	5¼‖	*	Daiwa
†Sumitomo Heavy Ind. (g'teed Sumitomo Bank)	20	1983	5	6¼‖	100	Daiwa, Sumitomo Fin. Int., Warburg
Panama	25	1983/0	¶	9½	*	Merrill Lynch, Nomura
††EIB	100	1985	n.a.	*	*	Merrill Lynch
††EIB	100	1998	n.a.	*	*	Merrill Lynch
D-MARKS						
‡BNDE	200	1986	6.5	6¾	100	Commerzbank
‡**GIS	40	1983	4½	6	*	Bayerische Landesbank
						Bayerische Vereinsbank
‡**S. Af. Broadcasting	25	1981	3	8	100	Dean Witter
EIB	250	1989	9.9	5¼	*	Deutsche
§Nisshin Steel	50	1986	—	4¼	100	Commerzbank
Venezuela	200	1988	8	6	*	WestLB
Trinidad & Tobago	75	1983	5	6	*	Deutsche
SWISS FRANCS						
‡Oest. Donaukraftwerke (g'teed Austria)	100	1993	n.a.	3¾	99½	Crédit Suisse
‡Imatran Voima (g'teed Finland)	80	1993	n.a.	4	99½	Crédit Suisse
New Brunswick Elec.	100	1993	n.a.	3¾	100	UBS
Hydro Quebec	130	1993	n.a.	*	*	Sw. Bank Corp.
STERLING						
Allied Breweries	15	1989	9.9	10½	*	Samuel Montagu
FFI	12	1989	9	10	100	S. G. Warburg
GUILDERS						
‡Denmark	100	1993	n.a.	7¾	100	Algemene Bank
‡Bank Mees & Hope	75	1983	5	7	100	Mees & Hope
LUXEMBOURG FRANCS						
‡EIB	500	1988	n.a.	7¾	99	Banque Gen. du Lux.

* Not yet priced ‡ Final terms ** Placement † Floating rate note ‖ Minimum § Convertible ¶ Purchase Fund
†† Registered with U.S. Securities and Exchange Commission
Note: Yields are calculated on AIBD basis.

Indices

NEW YORK -DOW JONES

	Feb. 24	Feb. 23	Feb. 22	Feb. 21	Feb. 17	Feb. 16	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrial	758.24	750.95	749.05	748.51	752.69	755.29	999.75 (3/1/77)	749.05 (22/2/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'meB'nds*	89.51	89.55	89.44	89.56	89.55	89.54	95.87 (7/6)	89.55 (25/1/78)	—	—
Transport	205.95	205.79	205.34	205.01	205.84	205.50	246.64 (18/5)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.27	102.64	102.64	102.94	103.52	102.85	118.67 (22/2/77)	102.54 (22/2/78)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	22,510	16,720	18,450	21,860	18,600	21,570	—	—	—	—

* Basis of index changed from August 24

Ind. div. yield %	Feb. 17	Feb. 10	Feb. 3	Year ago (approx.)
	5.13	5.94	5.98	4.46

STANDARD AND POORS

	Feb. 24	Feb. 23	Feb. 22	Feb. 21	Feb. 17	Feb. 16	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	97.39	96.49	96.53	96.43	96.81	96.94	115.52 (3/1/77)	96.55 (22/2/78)	134.54 (11/1/73)	3.52 (30/6/32)
§Composite	88.49	87.64	87.56	87.59	87.99	88.08	107.00 (3/1/77)	87.56 (22/2/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Feb. 22	Feb. 15	Feb. 8	Year ago (approx.)
Ind. div. yield %	5.47	5.53	5.17	4.16
Ind. P/E Ratio	8.46	8.57	8.77	10.80
Long Govt. Bond yield	8.27	8.26	8.20	7.77

N.Y.S.E. ALL COMMON

Feb. 24	Feb. 23	Feb. 22	Feb. 21	1977/78 High	1977/78 Low
49.19	48.75	48.69	48.68	57.07 (4/1/77)	48.60 (21/2/78)

Rises and Falls

	Feb. 24	Feb. 23	Feb. 22
Issues traded	1,821	1,850	1,852
Rises	1,012	590	713
Falls	408	645	633
Unchanged	401	486	486
New Highs	—	9	16
New Lows	—	81	77

		Feb. 24	Feb. 23	Feb. 22	Feb. 21	1977-78 High	1977-78 Low
MONTREAL	Industrial	164.44	164.10	164.95	164.52	186.47 (17/3)	158.02 (26/10)
	Combined	175.82	175.19	175.56	175.18	187.95 (19/1/77)	165.60 (25/10)
TORONTO	Composite	1015.5	1009.4	1010.6	1007.6	1067.4 (19/7)	961.0 (26/10)
JOHANNESBURG	Gold	—	207.3	209.2	209.5	219.7 (1/2/78)	154.4 (24/6)
	Industrials	—	202.6	202.4	203.5	214.4 (4/1/78)	189.1 (22/4)

	Feb. 24	Previous	1977-78 High	1977-78 Low
Australia (¶)	449.56	465.10	479.45 (3/1/78)	415.85 (18/2/77)
Belgium (‖)	93.24	93.24	99.12 (10/1/77)	90.43 (12/1/78)
Denmark (**)	96.58	96.25	107.82 (9/6)	94.00 (6/2/78)
France (††)	51.9	52.6	58.4 (7/1/77)	43.6 (10/6)
Germany (‡‡)	806.6	806.9	813.3 (17/11)	712.5 (10/3)
Holland (§§)	78.9	78.8	93.2 (4/5)	76.5 (29/9)
Hong Kong (¶¶)	411.45	409.02	425.17 (11/5)	383.44 (13/1/78)
Italy (‖‖)	61.81	61.71	75.71 (6/1/77)	54.90 (22/12)
Japan (a)	384.85	383.62	390.93 (29/9)	360.45 (24/11)
Singapore (b)	266.37	269.26	271.68 (15/2/78)	242.28 (3/6)

	Feb. 24	Previous	1977-78 High	1977-78 Low
Spain (d)	92.43	92.61	100.00 (30/12)	82.43 (24/2/78)
Sweden (e)	345.17	349.29	416.92 (22/3)	336.6 (24/11)
Switzerl'd (f)	314.4	315.7	325.7 (14/2/78)	280.6 (5/6)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975) † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63 (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961 (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970 (¶¶) Hang Seng Bank 31/7/64 (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966 (c) Close. (d) Madrid SE 30/12/77—high and low for 1978 only. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—84% (81¾%)
Effective rate (at 1.9300) 38¼% (38¼%)

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY

[illegible]

JOHANNESBURG

[illegible]

Securities Rand $U.S.0.81½
(Discount of 29¼%)

AUSTRALIA

[illegible]

PARIS

[illegible]

VIENNA

[illegible]

BRAZIL

[illegible]

OSLO

[illegible]

SPAIN

[illegible]

AMSTERDAM

[illegible]

TOKYO

[illegible]

Source: Nikko Securities, Tokyo

COPENHAGEN

[illegible]

SWITZERLAND

[illegible]

STOCKHOLM

[illegible]

HONG KONG

[illegible]

MILAN

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

NOTES: Overseas prices exclude $ premium. [illegible]

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Jardine Fleming & Co. Ltd.

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	SHK299.98d	...	3.40
Jardine J'pn. Fd.★	SHK279.68	...	1.00
Jardine S.E.A.	SUS11.74	...	2.40
Jardine Flem.Int.†.	SHK8.93d		—

NAV Jan. 31. *Equivalent SUS60.34. Next sub. Feb. 28

Kemp-Gee Management Jersey Ltd.

1, Charing Cross, St. Helier, Jersey. 0534 73741

Kemp-Gee Capital	82.2	84.8		—
Kemp-Gee Income	64.6	66.6		8.00

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Jan. 27	SUS11.77	12.08	.....	—
CMT Ltd. Jan. 27	£11.48	11.77	.....	—
Metals Tst. Feb. 16	£10.93	11.20	.....	—
TMT Feb. 9	SUS9.25	9.58	.....	—
TMT Ltd. Feb. 9	£9.13	9.37	.....	—

World Wide Growth Management❖

10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	SUS12.75	...	—

Merchant Investors Assurance

125, High Street, Croydon 01-686 9171

Conv. Dep. Fd.	127.7	+0.1	—
Money Mrkt. Fd.	143.5	-0.4	—
Mer. Inv. Man. Fd.	180.7	-0.7	—
Mer. Inv. Pty. Fd.	145.9		—
Equity Bond	62.7	-1.3	—
Prop. Pens.	150.8		—
Man. Pens.	139.3	-0.8	—
Equity Pens.	152.6	-3.5	—
Conv. Dep. Pens.	137.1	-0.2	—
Mon. Mkt. Pens.	134.6	+0.9	—

NEL Pensions Ltd.

Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	72.2	75.9	-2.3	—
Nelex Eq. Accum.	100.5	105.7	-1.9	—
Nelex Money Cap.	61.6	64.8	-1.1	—
Nelex Mon. Acc.	64.4	67.7	-0.8	—
Nelex Gth Inc Acc.	43.5	46.2	-3.4	—
Nelex Gth Inc Cap.	44.4	44.7	-3.3	—

Next sub. day Feb. 25.

For New Court Property see under Rothschild Asset Management

NPI Pensions Management Ltd.

48, Gracechurch St., EC3P 3HH. 01-623 4200

Managed Fund	146.3	152.4	...	—

Prices Feb. 1. Next dealing March 1.

New Zealand Ins. Co. (U.K.) Ltd.♥

Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key Inv. Plan	140.6	144.9	.....	—
Small Co's Fd.	95.0	100.0	...	—
Technology Fd.	95.0	100.0	.....	—
Extra Inc. Fd.	95.0	100.0	.....	—
American Fd.	95.0	100.0	.....	—
Far East Fd.	95.0	100.0	.....	—
Gilt Edged Fd.	95.0	100.0	.....	—
Con. Deposit Fd.	95.0	100.0	.....	—

[FINA]NCIAL TIMES STOCK INDICES

	Feb. 24	Feb. 23	Feb. 22	Feb. 21	Feb. 20	Feb. 17	A year ago
[illegible]	74.71	75.09	74.73	74.97	74.73	74.66	85.51
[illegible]	77.63	77.67	77.81	77.81	77.72	77.63	64.89
[illegible]inary	444.2	445.5	449.9	454.6	458.0	459.3	401.7
[illegible]	158.3	157.1	157.9	160.0	160.2	167.1	128.2
[illegible]ld	6.02	6.00	5.94	5.89	5.85	5.84	5.76
[illegible]% (full)	17.93	18.01	17.84	17.95	17.85	17.79	18.59
[illegible]	7.83	7.83	7.80	7.86	7.92	7.93	7.73
[illegible]ed	6.173	5.227	5.227	4,762	4.204	4.589	7.525
[illegible]ver £m.	—	96.35	58.83	52.14	46.05	55.09	77.80
[illegible] total	—	12,574	12,644	11,349	10,197	11,598	19,350

10 a.m. 446.5. 11 a.m. 444.7. Noon 442.6. 1 p.m. 442.2.
2 p.m. 442.4. 3 p.m. 442.5.
Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.75.
[illegible] Govt. Secs. 15/10/26. Fixed Int. 1928. Ind Ord. 1/7/35. Gold [illegible] SE Activity July-Dec. 1942.

[H]IGHS AND LOWS

1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
79.85 (30/9)	60.45 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
81.27 (9/1/78)	60.49 (6/1)	150.4 (28/11/47)	50.53 (3/1/75)
549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
174.5 (12/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 24	Feb. 23
—Daily		
Gilt-Edged	157.4	192.9
Industries	181.9	173.7
Speculative	39.5	36.4
Totals	117.7	119.0
5-day Average		
Gilt-Edged	180.5	186.4
Industrials	164.3	157.8
Speculative	42.8	42.7
Totals	112.0	109.5

[FIN]ANCIAL TIMES STOCK INDICES

	Feb. [illegible]	Feb. 23	Feb. 22	Feb. 21	Feb. 20	Feb. 17	A year ago
Group	189.45	190.59	192.32	194.15	195.24	195.77	155.37
[illegible]	209.78	210.65	212.44	214.34	215.85	216.86	181.01
[illegible]	5.90	5.86	5.81	5.76	5.75	5.72	6.67
[illegible]	7.74	7.78	7.85	7.92	7.96	7.98	9.22
[illegible]	194.24	195.52	197.05	198.86	199.77	200.15	167.30

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ‡ Guernsey gross. ◊ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 441-446

INSURANCE BASE RATES

† Property Growth 7½%
Cannon Assurance 4¾%
† Vanbrugh Guaranteed 7.25%
† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
14J	14Ju	Treasury 10½pc '78‡‡	101¾	8.12	10.32	5.78
26M	26S	Exch. 5pc '76-78‡‡	99⅜xd	17.2	5.03	6.22
9M	9S	Treasury 11½pc '79‡‡	104⅜xd	31.1	11.02	7.02
17M	17S	Treasury 3pc '79‡‡	97xd	6.2	3.09	5.03
26M	26S	Electric 4¼pc '74-79	97¾xd	17.2	4.35	5.76
1M	1N	Treasury 10½pc '79‡‡	103¼	26.7	10.14	8.16
15M	15N	Electric 3½pc '76-79	96	10.10	3.65	5.98
3M	3S	Treasury 9pc 1980‡‡	101⅞xd	25.1	8.83	7.97
14M	14N	Treasury 9½pc '80‡‡	101¾	10.10	9.34	8.61
15J	15D	Treasury 3½pc '77-80	94⅛	8.11	3.72	6.28
15J	15D	Funding 5¼pc '78-80‡‡	95⅝	8.11	5.49	7.35
25M	25N	Exchequer 13pc 1980‡‡	107⅞	19.10	12.05	9.64
15J	15Ja	Treasury 11½pc 1981‡‡	104⅝	9.12	10.99	9.61
15F	15A	Treasury 3½pc 1979-81	90¾	9.1	3.86	7.00
1A	1O	Treasury 9¾pc 1981‡‡	101xd	23.3	9.65	9.39
12J	12D	Exch. 8¼pc 1981	96⅝	—	8.54	9.45
4F	4A	Exch. 9½pc 1981	100	28.12	9.50	9.50
21F	21A	Exch. 3pc 1981	87¾	15.1	3.42	7.03
17M	17N	Treas. Variable '81‡‡	96½	11.10	6.69	7.46
23M	23N	Exch. 12¾pc 1981‡‡	108⅞	17.10	11.71	9.83
15J	15Ja	Treas. 8½pc '80-82‡‡	97¼	9.12	8.74	9.55
15F	15A	Treasury 3pc '82‡‡	86	9.1	3.49	7.11
16M	16S	Treasury 14pc '82‡‡	113¼xd	2.2	12.36	9.95
15J	15D	Treas. Variable '82‡‡	96	8.11	6.74	7.57
5J	5Ju	Treasury 8¼pc '82	95½	1.12	8.64	9.53
22M	22S	Exch. 9¼pc 1982	98½xd	13.2	9.39	9.66
21F21A		Exch. 3pc '83	82⅞	16.1	3.62	7.14
5Ju	5J	Exch. 8¾pc 1983e	£96½	—	9.07	9.66

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 37¼% (based on $1.9460 per £)

Conversion factor 0.7261 (0.7324)

CANADIANS

[illegible]

S.E. List Premium 37¼% (based on $2.1745 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Burma Mines 17½p.	9	575	—	—	—
—	Colby Mines SC1	67	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	240	3.1	Q30c	ϕ	7.5
—	Northgate C$1	250	375	—	—	—
Jan. June	R.T.Z.	171	31.10	t8.5	q3.1	7.5
—	Sabina Inds. C$1	35	—	—	—	—
—	Tara Exptn. $1	831	—	—	—	—
Nov. July	Tehidy Minerals 10p	45	17.10	1.21	2.5	4.1
October	Yukon Cons. C$1	120	15.9	Q7c	ϕ	3.5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	42	......
Bertam	15	−1
Bdg'wtr. Est. 50p	277	−3
Clover Croft	22	......
Craig & Rose £1	400	......
Dyson (R.A.)	40	......
Ellis & McHdy.	68	......
Evans F'r'k. 10p.	58	......
Evered	15½	−1
Fife Forge	47	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	180	−32
Higsons Brew.	80	−3
I.O.M. Stm. £1	150	......
Holt (Jos.) 25p	245	......
N'thn. Goldsmith	60	−1
Pearce (C. H.)	132	......
Peel Mills	17	......
Sheffield Brick	47	......
Sheff. Refrshmt.	51	......
Shiloh Spinn	19	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82	£96¼xd	+¼
Alliance Gas	85	+5
Arnott	285	......
Carroll (P.J.)	95	−2
Clondalkin	86	......
Concrete Prods.	115	−5
Heiton (Hldgs.)	49xd	......
Ins. Corp.	140	−15
Irish Ropes	130	......
Jacob	57	......
Sunbeam	32	......
T.M.G.	195	......
Unidare	75	......

OPTIONS

3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	13
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	6½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	23
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr.	11
Midland Bank	25
N.E.I.	20
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	10
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	14
Spillers	4
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6
Property	
Brit. Land	3½
Cap. Counties	5
E.P.	5
Intereuropean	4
Land Secs.	18
MEPC	22½
Peachey	10
Samuel Props.	10
Town & City	2
Oils	
Brit. Petroleum	35
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22
Mines	
Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

FINANCIAL TIMES
Monday February 27 1978

Tax cuts urged on Healey by both sides of industry

BY JOHN ELLIOTT AND CHRISTIAN TYLER

THE SIZE of the budgetary stimulus to be given by the Chancellor on April 11, already the subject of controversy within the Cabinet, will be discussed by Mr. Denis Healey and representatives of both sides of industry at a National Economic Development Council meeting on Wednesday.

First in with detailed demands is the TUC, which last night put forward proposals which would mean a £3.8bn. reflation in the coming financial year and £4.7bn. in a full year.

By contrast, the Confederation of British Industry, whose proposals will not be published until the day after the NEDC meet is thought to be seeking reflation to the tune of £2.5bn in the coming year and £3bn. in a full year. Both organisations emphasise the need for tax cuts.

Wednesday's discussion, which will also take into account the views of the chairman of the industrial strategy's sector working parties in the NEDC's tripartite forum, forms part of the Government's attempt to have the country's economic prospects debated as publicly as possible before the Budget.

It will be followed on Thursday by a formal meeting between CBI leaders and Mr. Healey when they will outline their proposals in detail.

The TUC's submission is geared largely to cutting into persistently high unemployment which, it says, will not fall at all without a change of policy.

Its proposals aim to lift the economy on to a 5 or 6 per cent. growth path against the 3 per cent. forecast by the public expenditure White Paper. Even 6 per cent. growth would leave unemployment at 1m. by 1981 compared with 2.4m. to-day.

Its budgetary demands require what the TUC economic review describes as "the largest boost that a Chancellor would ever have given the economy, both absolutely and relatively to Gross Domestic Product." That was necessary if record post-war unemployment was to be brought

If during the year the necessary growth rate was not being achieved, the TUC would press for further stimuli. The last five years, it says "has put an end to the myth that a single annual Budget is a sufficiently flexible tool of economic management."

Nearly half the injection sought by the TUC is in direct tax cuts—a reduced rate band of £1,000 to be taxed at 25 per cent. instead of the 34 per cent. standard rate.

About £200m. of the TUC's overall figure should be clawed back, it says, by abolishing mortgage interest and insurance premium tax allowances above the standard rate.

The British Institute of Management confirmed over the week-end that it had asked the Chancellor for reflation of £2.5bn. when its leaders met him earlier this month. Of this total, £2bn would go on reducing the standard rate of income tax from 34 to 30 per cent. The Institute is to have another meeting with Mr. Healey in June.

In addition to discussing the country's pre-Budget economic prospects, Wednesday's meeting of the NEDC will also consider a paper on the future work to be carried out within the industrial strategy.

Prepared by a joint committee of Government, CBI, TUC and NEDC representatives, this emphasises the need to communicate the strategy's aims down to individual companies

A paper from the construction industry's national economic committee on its contribution to the country's economic and industrial future will also be discussed and Mr. Peter Shore, Environment Secretary, will be present.

The paper specially mentions the construction industry's contribution to tackling Britain's unemployment problems and boosting exports.

TUC seeks boost. Page 5

Economic experts at odds on Budget strategy

By Peter Riddell, Economics Correspondent

THE GOVERNMENT'S strategy of limited reflation is strongly challenged this morning by leading academic economists.

They call for an expansionary policy even if this means that from next year onwards there is little or no surplus on the external current account.

A commitment to sustained growth in Gross Domestic Product of 5 per cent. annually for the next three or four years is urged by Professor Brian Reddaway and Dr. Charles Feinstein of Cambridge University, in an article in the Midland Bank Review based on discussions among a wider group of prominent economists.

They call for a £2.5bn. to £3bn. boost in the Budget.

In marked contrast, a cautious fiscal policy over the next few years is urged in a review from the London Business School's Centre for Economic Forecasting.

The Review says that after a net stimulus of £1.5bn. in the Budget there will be no further room for any tax cuts next year if control is to be maintained over the money supply and the rate of inflation is to be kept in single figures.

The significance of the Budget however, is challenged in a deeply pessimistic analysis from Mr. Wynne Godley, another leading Cambridge economist.

Mr. Godley says that fiscal policy alone can bring about only a very sleepy recovery of industrial activity and he doubts whether the present problems can be solved by any fairly conventional policies.

Growth rate

This contrasting advice highlights the main lines of the Budget debate within the Government. An expansionist policy is favoured by Mr. Harold Lever, the Chancellor of the Duchy of Lancaster, as well as by most of the Left-wing Ministers.

A cautious approach reflecting concern about the external and financial implications of a stimulus of much above £1.5bn. to £2bn. is favoured by the main economic Ministers and appears to be carrying the day.

And there are doubts whether even the previous official 3½ per cent. growth objective can be attained.

The analysis by Professor Reddaway and Dr. Feinstein directly challenges the priority attached by the Treasury and the Bank of England to maintaining a current account surplus in order to repay and re-finance overseas debt.

The authors say that their growth target would lead to no more than a modest surplus externally up to 1981, mainly coming this year, with possibly a deficit in the later years.

THE LEX COLUMN

Contrasts in world stock markets

Not so long ago the world's major stock markets were smoothly synchronised, almost all of them hitting peaks in 1972-73 and lows in 1974. But now they are in disarray. Wall Street provides a spectacular example of an equity market in a bear phase, and there is pronounced weakness, too, in most of the European and Scandinavian bourses. But at the same time, three important centres are still showing impressive strength. The Swiss market stood at a four-year high point earlier this month, and equity indices in both Japan and Germany are pressing up against their peaks of last autumn.

Strong currencies

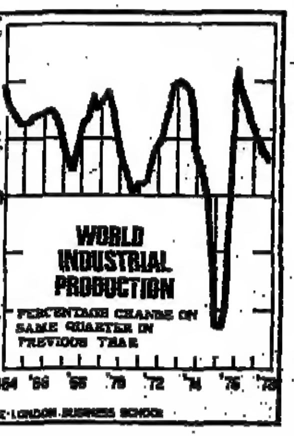
There is a consistent pattern to this: strong stock markets are going hand in hand with strong currencies. It is not what one might suppose from the complaints of industrialists who see their export markets and margins threatened: Japan's two biggest motor manufacturers Toyota and Nissan have been forced to push up their U.S. prices five times since last spring. The impact of currency pressures on the reported profits of Swiss multinationals has been severe. Even BMW, which in the past appeared to be above such problems, has recently been confessing anxiety about currency movements.

These strong stock markets, it apears, are not built on the buoyancy of the corporate sector. Last year more than 18,000 Japanese companies went bust, and a recent survey indicated that one in ten listed concerns on various Japanese stock exchanges was virtually bankrupt. In the U.S., in sharp contrast, companies have just been reporting impressive earnings gains for the final quarter of 1977, and official forecasts suggest that the U.S. economy will remain relatively buoyant this year. Yet this has coincided with a continuing dismal slide by share prices on Wall Street.

The logical conclusion is that these major stock markets are drawing their strengths and weaknesses very largely from the impact of capital flows across the foreign exchanges. The easiest place to find supporting evidence is the U.K., where last September and October's stock market peaks coincided with the period of most rapid currency inflows. Since then the flows have turned neutral and perhaps modestly negative—this week's official reserve figures for February could show a slight fall—and share prices have come under pressure.

The impact of foreign buying was seen more directly in the gilt-edged market than in equities when the inflows were at their peak, but where gilts led equities could scarcely fail to follow. Meanwhile liquidity was building up in the system, although not at that stage on a scale which caused the market to worry about excess monetary growth (a problem which emerged somewhat later).

Although the U.K. has returned more or less to



balance, other countries continue to be irresistible magnets for international capital. Switzerland's extreme measures on Friday night, which stepped up the burden of negative interest rates on non-resident accounts, at the same time as cutting bank rate from 1½ to 1 per cent., highlight the problems which arise from the continuing disquiet of dollar holders. While Switzerland seeks ways to keep money out, there is talk of the U.S. resorting to some form of capital controls to bolster its position.

But even without some kind of official intervention, in due course self-correcting mechanisms are going to come into play. It is significant, for example, that the German money supply is being pushed to well above its target growth rate, as Mr. Denis Healey took care to point out in Parliament last week. This has not yet had the same kind of effect on the German capital markets as the similar overshooting in the U.K. has had. Yet the consequences of such a sharp rise in the real money supply are likely to make themselves felt before long.

Over the last year the U.S. has stood out among world economies as the one major country where real money supply has been growing as part of its expansionist policies. Its large current account deficit reflects this lonely posture, and serious imbalances which have built up in the international financial markets. Now, however, many other important countries are adopting more expansionary monetary policies, at a time when the U.S. real money supply is being squeezed by higher interest rates and some pickup in inflation.

That, at least, is the reasoning behind the relatively optimistic view of world economic growth prospects put forward in the latest quarterly forecast from the London Business School, published to-day. World industrial production will continue to be sluggish in the first half of 1978, it is suggested, showing year-on-year growth of only about 2 per cent. But as the U.S. slackens, Europe and Japan will push the rate up to nearly 4 per cent. by the final quarter, and 1979 could bring a further improvement.

Overcapacity

The snag is that this is rather a mechanistic view, of the kind which worked well enough when the world economy was more stable than it is to-day, but which may not be taking full account of some of the problem areas. Major world industries like steel, shipping, oil refining, fibres and pulp and paper are all suffering from serious overcapacity which it will take much more than a modest upturn in demand to absorb. The resulting financial strains and pressures for protectionism make the crystal ball much more cloudy than it used to be.

If the LBS interpretation is right, however, one consequence is that a lot of recent trends in the international financial markets are going to run out of steam during the remainder of 1978, and will possibly come in for partial reversal. A reduction in the pressure on the U.S. current account would, for instance, be matched by the bottoming out of the dollar and a recovery on Wall Street. At the same time, stock markets in what are at present the strong currency countries would be vulnerable.

There is not much comfort here for the U.K. stock market, which is already suffering. Sterling has scarcely even matched the dollar in recent weeks, and on a trade-weighted index basis is almost 2 per cent. off its peak. The days are long gone when—as in 1967 and 1968—devaluation was good for equity prices.

Unions hold key to rail peace

By Nick Garnett, Labour Staff

PROSPECTS for a withdrawal of the train drivers' strike threat hinge to-day on executive meetings of ASLEF, the drivers' union, and the National Union of Railwaymen.

ASLEF will discuss a peace formula involving removal of the strike notice in return for an inquiry into whether railway procedure was properly carried out in a British Rail agreement to pay "commissions" to pay-train guards.

The drivers' union says the agreement for the guards, NUR members, broke a 1974 undertaking that there would be no "sectional" pay arrangements.

The union has planned a 24-hour strike on Wednesday and a series of disruptive regional one-day stoppages.

Some British Rail officials are still optimistic that the strike threat will be removed.

This assumes that both ASLEF and the NUR will agree to a tribunal, under Lord McCarthy, chairman of the Railway Staffs National Council.

Promise

Mr. Sid Weighell, NUR general secretary, so far has said that there can be no question of an inquiry unless the strike threat is withdrawn and there is a firm promise to honour the pay-train agreement.

There is no agreed date for starting the commission payments, but the NUR wants them from at least April 24, the annual pay settlement date.

It is understood that Ministerial pressure has largely been switched from ASLEF to the NUR in an attempt to win agreement on the tribunal.

A decision to rebuff the inquiry will annoy not only Mr. William Rodgers, Transport Secretary, and Mr. Len Murray, TUC general secretary, who were both involved in drawing up the peace formula, but also the Prime Minister who is believed to be particularly concerned about the dispute.

Mr. Weighell said yesterday that he did not consider the week-end's private talks, which also involved Mr. Peter Parker, British Rail chairman, Mr. Murray and Mr. Rodgers, as "pressure."

"I haven't thrown out the proposal or picked it up. We'll have a look at it" he said.

Difficult

Mr. Ray Buckton, ASLEF general secretary, would not be drawn on what he thought his executive might do, but Mr. Parker appears to believe that ASLEF will find it difficult not to accept the peace initiative.

The arrangements for pay-train guard commission, aimed at tightening up ticket issuing and collecting, were seen as a way of helping to combat fraud. But Mr. Buckton warned British Rail of drivers' anger if the pay-train guards' demands were conceded.

British Rail believes ASLEF is using the pay-train issue as a lever against any general approach on de-manning linked to pay and productivity.

De-manning would hit the drivers' union particularly hard, and specific problems have already occurred on issues such as staff scheduling for the planned High Speed Train east coast service and manning for Class 56 locomotives.

Mr. Buckton maintains that the dispute is solely about a "sectional" pay agreement.

Gandhi makes comeback as new party wins poll

BY K. K. SHARMA

NEW DELHI, Feb. 26.

A COMEBACK was made to-day by Mrs. Indira Gandhi when her new Congress (I) Party swept easily to victory in the southern state of Karnataka.

Karnataka was the only one of six states which went to the polls on Saturday where votes were counted to-day, and by the evening it became clear that the Congress (I) would command an absolute majority in the 224-member State Legislature.

The Congress (I) Party—the "I" stands for Indira—will form the government in Karnataka. The official Congress, from which Mrs. Gandhi broke away last month, has been annihilated. The Janata Party, which forms the central Government having defeated Mrs. Gandhi last March, will be the official opposition.

Counting of votes in the two other southern states—Maharashtra and Andhra — will begin to-morrow morning and the final picture should be available by Wednesday. Mrs. Gandhi has done far better in Karnataka than even she could have hoped, but it is unlikely that her party will repeat its succes in the other southern states.

Karnataka is the stronghold of Mr. Devraj Urs, who was dismissed as its Chief Minister by the Janata central Government after defections from his party and political instability in December.

Mrs. Gandhi's decision to form her own party was due largely to the support of Mr. Urs, who faces corruption charges in his state of the same kind as she does on a national level.

Crushing defeat

Mrs. Gandhi concentrated much of her campaigning in Karnataka and by winning the state she has demonstrated she is still a considerable political force. At least in one state, her charisma still works.

More important than her victory over the Janata, which is trying to establish itself as a national party by gaining control over at least part of the south, is the crushing defeat she has administered to the Congress, whose leaders—Mr. Y. B. Chavan and Mr. Brahmananda Reddi—were shaken men to-day.

Their own following is in Maharashtra and Andhra, however, where the Congress hopes to do better.

Whatever the results in these states, Mrs. Gandhi has shown clearly that she is not the spent force that many had thought.

Her victory comes just a day before she is to appear before a Delhi magistrate on charges of refusing to testify before the Shah Commission, now inquiring into charges of abuse of power against her. If found guilty Mrs. Gandhi faces six months in jail.

Back benchers will open new onslaught over steel crisis

BY ROY HODSON

BACK benchers of the two main parties will open a new attack on the Government in the Commons to-day over its handling of the British Steel Corporation crisis.

The corporation's losses are approaching £2m. a day. Mr. Eric Varley, Industry Secretary, has forecast that the loss for the current financial year will be about £520m. and ministers accept privately that the 1978-79 deficit is likely ot exceed £300m.

The MPs will attempt at question time to force Mr. Varley to admit that the Government is partly responsible for the record losses because it delayed taking action on British Steels' loss-making operations in order to save jobs.

The attack will be led by members of the Commons select committee on nationalised industries.

Feelings are running high among committee members because Ministers have expressed openly their contempt for the committee's latest report into British Steel's finances published on Thursday, calling it inaccurate, inconsistent and inventive.

The Government wants to avoid a full-scale debate in the Commons before Easter.

Mr. Varley would prefer to make a statement on the future of British Steel after the unions have agreed the closure of some of the old works, in particular, East Moors, Cardiff.

But the open row between the select committee and Ministers may result in the Government's concluding that it will be less embarrassing to hold the steel debate, sought by the committee, than to seek to avoid it.

If, after to-day's exchanges, the committee feels the Government is maintaining its critical attitude towards its report, it is likely to order Mr. Varley to appear before it to discuss those points he claims are inaccurate. This could lead to the committee's producing yet another emergency report on British Steel.

Sheffield plan

The committee published two reports on the corporation simultaneously last month — one the outcome of 18 months of investigation and the other compiled in just one month, to consider the deteriorating situation of British Steel as the world steel trading crisis deepened.

The committee felt, however, that it was still short of evidence about what passed between Sir Charles Villiers, chairman of British Steel, and Mr. Varley last year, and the two were recalled to give evidence in private

The latest report was based on those hearings.

Our Sheffield correspondent writes: British Steel officials in Sheffield have put forward a £4.5m. development and modernisation programme designed to bring profitable working by 1981 to its River Don forge and foundry complex

The complex has been losing money heavily for many years and faced closure in 1972. Since then, losses have been estimated by some union officials at about £10m. in spite of considerable investment by British Steel.

The new business plan will put more emphasis on foundry operations after a major modernisation programme which has given British Steel one of the best-equipped castings plants in Europe.

The future of the plan, being examined by union leaders, will depend on the co-operation of the nearly 3,000-strong workforce. The proposals call for closure of a machine shop at River Don with the loss of about 90 jobs.

Mr. David Clarke, general manager at River Don, has emphasised that the new plan does not take into account a re-entry of the works into the smaller forgings market.

The plan calls for the vigorous development of markets, backed by substantial improvements in efficiency and order performance.

Editorial comment. Page 12

Stock Exchange rejects idea of 'two-tier market'

FINANCIAL TIMES REPORTER

THE STOCK EXCHANGE has rejected the idea of a "two-tier market" or a relaxation of listing requirements in order to encourage the trading of securities issued by small companies.

It says in supplementary evidence to the Wilson Committee studying Britain's financial institutions, that it prefers to promote its members' existing ability to trade unlisted securities under rule 163 (2) as its own "over the counter market."

The Exchange concedes that the burden of Exchange regulation and disclosure requirement has almost reached the "limit of companies" willingness to comply.

But it says that it must maintain "credibility in the probity of the market" and does not feel that minor relaxations in the rules would encourage small companies to apply for listing

The evidence is part of the third volume of evidence published by the Wilson Committee.

The volume contains the written submissions from the Export Credits Guarantee Department, the Insurance Company Associations, the National Association of Pension Funds and the Stock Exchange

It also contains transcripts of the Committee's questioning of those bodies.

The Committee has also published its first "research report," which deals with the investment attitudes and financing of medium-sized companies.

That survey, which was commissioned from the accountants Coopers and Lybrands shows in particular how wary British medium-sized companies prefer to remain small units in order to stay manageable.

Much of the Committee's conversations with the insurance company and pension fund representatives focuses upon their role in the primary and secondary markets for securities and upon their relationship with the companies in which they invest.

The transcript shows how hard it is for those funds to develop mechanisms to inject capital into industry.

It also shows the reluctance of investing institutions to involve themselves in company affairs

It discloses that the Institutional Shareholders Committee has formed only six "case committees" in the last four years.

Investment attitude. Page 9
Pension funds evidence. Page 28
Vickers da Costa. Page 4

Weather

U.K. TO-DAY

BRIGHTER with showers, persistent over Southern England.

London, Southern England, E. Anglia, Channel Isles

Generally cloudy with showers, persistent at times. Wind fresh to strong. Max. 11C (52F).

Midlands, East and Northern England, Wales, Lakes

Cloudy with bright intervals and some showers. Wind moderate to fresh. Max. 9C (48F).

Isle of Man, Borders, Southern Scotland, Central Highlands

Cloudy with outbreaks of rain. Brighter with showers later. Max. 7C (45F).

N.W. Scotland, N. Ireland

Fog patches early and sunny intervals. Isolated showers. Wind light. Max. 9C (48F).

Outlook: Unsettled, with showers

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amsterdm	S	12	54	Luxembrg	F	9	48
Athens	C	16	61	Madrid	F	11	52
Bahrain	S	20	68	Manchestr	R	7	45
Barcelona	F	18	64	Melbourne	F	23	73
Beirut	S	18	64	Milan	R	4	39
Belfast	R	6	43	Montreal	C	−10	14
Belgrade	C	16	61	Moscow	C	−6	21
Berlin	F	11	52	Munich	C	5	41
Birminghm	C	9	48	Newcastle	C	7	45
Bristol	R	10	50	New York	S	4	39
Brussels	S	11	52	Oslo	R	2	36
B. Aires	S	29	84	Paris	F	13	55
Cairo	S	22	72	Perth	F	27	81
Cardiff	S	9	48	Reykjavik	C	−2	28
Chicago	S	−5	23	Rio de J'o	S	30	86
Cologne	S	13	55	Rome	C	14	57
Cop'nhagn	S	4	39	Singapore	C	26	79
Dublin	C	6	43	Stockholm	R	2	36
Edinburgh	C	9	48	Strasbrg	F	7	45
Frankfurt	C	7	45	Sydney	F	23	73
Geneva	C	8	46	Tehran	S	10	50
Glasgow	R	7	45	Tel Aviv	S	16	61
Helsinki	C	−2	28	Tokyo	S	6	43
H. Kong	C	20	68	Toronto	S	−5	23
Jo'burg	S	25	77	Vienna	S	11	52
Lisbon	F	16	61	Warsaw	F	7	45
London	R	10	50	Zurich	R	4	39

HOLIDAY RESORTS

Ajaccio	C	15	59	Istanbul	F	14	57
Algiers	S	20	68	Jersey	R	7	45
Biarritz	S	17	63	Las Plmas	F	23	73
Blackpool	F	5	41	Locarno	R	2	36
Bordeaux	C	14	57	Majorca	S	16	61
Boulogne	S	11	52	Malaga	S	19	66
Casablanca	C	20	68	Malta	S	20	68
Cape Tn.	S	25	77	Nairobi	S	24	75
Corfu	C	15	59	Naples	C	13	55
Dubrovnik	C	13	55	Nice	C	12	54
Faro	C	16	61	Nicosia	S	17	63
Florence	R	11	52	Oporto	R	13	55
Funchal	F	21	70	Rhodes	C	16	61
Gibraltar	S	19	66	Salzburg	F	11	52
Guernsey	C	9	48	Tangier	F	18	64
Innsbruck	F	9	48	Tenerife	C	17	63
Inverness	C	5	41	Tunis	F	20	68
Is. of Man	R	7	45	Venice	R	9	48

S—Sunny. F—Fair C—Cloudy R—Rain

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